



# DAILY REPORT

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*China*

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FURTHER REPORTAGE ON HU YAOBANG DELEGATION IN UK

## Thatcher Gives Warm Welcome

OW091132 Beijing XINHUA in English 1118 GMT 9 Jun 86

[Text] London, June 9 (XINHUA) -- Britain greeted visiting Chinese Communist Party General Secretary Hu Yaobang this morning with full military honors at an official welcoming ceremony presided over by Prime Minister Margaret Thatcher. Hu flew into London yesterday to begin a four-nation West European tour that will also take him to Federal Germany, France and Italy.

Hu was warmly greeted at 10 a.m. by Thatcher at the quadrangle of the British Foreign and Commonwealth Office. Shaking hands with Thatcher, Hu said, "I haven't seen you for one year and a half." The prime minister replied, "I'm so thrilled to welcome you here." Thatcher then introduced Hu to the major general responsible for organizing the guard of honor.

The guard of honor was formed by the Second Battalion Scots Guards with the regimental color, the band of the Scots Guards and the corps of drums of the Second Battalion Scots Guards. Hu reviewed the guard of honor, who presented arms in salute. Thatcher then presented to Hu Yaobang senior British officials present at the ceremony.

In turn, Hu introduced to the prime minister Chinese Vice-Premier Li Peng, Vice-Chairman of the National Committee of the Chinese People's Political Consultative Conference Fei Xiaotong and others accompanying him.

When the ceremony was over, Mrs Thatcher accompanied Hu on the red carpet to 10 Downing Street, where the Chinese party leader paid a courtesy call on the prime minister.

## Holds Talks With Thatcher

OW100040 Beijing XINHUA in English 0029 GMT 10 Jun 86

[Text] London, June 9 (XINHUA) -- The visiting Chinese leader Hu Yaobang discussed East-West relations, Asian issues and bilateral ties with British Prime Minister Margaret Thatcher here this afternoon at 10 Downing Street. An official of the Chinese Foreign Ministry told reporters that the two-hour talks between the two leaders proceeded in a friendly and harmonious atmosphere. He said the Chinese Communist Party general secretary and the British prime minister agreed to make efforts to expand the Sino-British relations in all fields including bilateral trade.

Meanwhile, a spokesman for the British prime minister's office told XINHUA that the two leaders discussed a wide range of global issues, including Sino-Soviet relations, Sino-U.S. relations and the April 26 accident at Chernobyl nuclear plant in the Soviet Union. He said they also discussed the Southeast Asian situation with particular reference to those issues concerning Kampuchea, and the issue of South Africa. The spokesman said the expansion of bilateral trade between Britain and China was covered at their talks, but he declined to give further details.

Chinese Vice-Premier Li Peng, Vice-Minister of Foreign Affairs Zhou Nan and British Foreign Secretary Geoffrey Howe attended the talks. Earlier this afternoon, Zhou Nan exchanged views with British Minister of State for Foreign Affairs Tim Renton on Sino-British relations including the Hong Kong issue.

## Meets British Social Democrat

OW091338 Beijing XINHUA in English 1332 GMT 9 Jun 86

[Text] London, June 9 (XINHUA) -- Hu Yaobang, general secretary of the Chinese Communist Party Central Committee, discussed international issues of common interest and Sino-British relations with David Owen, leader of the Social Democratic Party of Britain, here this morning.

Chinese sources close to the discussion said Hu and Owen expressed hope that friendly relations and cooperation between the two countries would continue to grow. General Secretary Hu is scheduled to meet chairman of the British Conservative Party Norman Tebbit and former Prime Minister Edward Heath later this afternoon.

## Says PRC-UK Relations 'Smooth'

OW091818 Beijing XINHUA in English 1808 GMT 9 Jun 86

[Text] London, June 9 (XINHUA) -- Hu Yaobang, general secretary of the Central Committee of the Communist Party of China, spoke highly of the efforts made by the British-Chinese parliamentary group in the continued development of the friendly and cooperative relations between China and Britain.

Hu said the smooth development of the friendly Sino-British relations was inseparable from the efforts of the British-Chinese parliamentary group. He made these remarks during his meeting with the group here this morning.

Robert Adley, chairman of the group, said at the meeting that the group has long worked for the improvement of Sino-British relations. "We have very good relations. It's time to cement them," he added. Adley described the agreement on Hong Kong between Britain and China as a fine example to solve through negotiations the issue left over by history. Hu invited British friends to visit China to see how the Chinese people build socialist democracy while building socialist civilization.

## Thatcher, Hu Address Dinner

OW100128 Beijing XINHUA in English 0109 GMT 10 Jun 86

[Text] London, June 9 (XINHUA) -- Chinese Communist Party leader Hu Yaobang and British Prime Minister Margaret Thatcher agreed here today that they are pleased with the development in the Sino-British relations and expressed their confidence that the development will continue in the future.

These ideas were expressed at a dinner in honor of Hu Yaobang, visiting general secretary of the Central Committee of the Communist Party of China (CPC), hosted by Mrs Thatcher and her husband Mr. Denis Thatcher at 10 Downing Street.

Among those attending the dinner were Li Peng, member of the Political Bureau of the CPC Central Committee and vice-premier of the State Council, and Fei Xiaotong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and a world-renowned socialologist.

In her toast, Mrs Thatcher said, "All the guests here tonight prove the vitality of our relations. The range of those relations is impressive." On bilateral relations, she said she was particularly pleased that this afternoon vice-Premier Li Peng signed with Sir Y.K. Pao and Foreign Secretary Geoffrey Howe a memorandum of understanding establishing a major new scheme to bring many more Chinese students to Britain, which, she said, is innovative and practical.

On the Hong Kong issue, she said, "The most striking achievement of creative policy is our agreement on Hong Kong. The continued stability and prosperity of Hong Kong is a vital commitment for both our governments." The prime minister said that she was delighted that implementation of the joint declaration on the future of Hong Kong signed in late 1984 "is going smoothly" and was confident that it would continue to do so.

Mrs Thatcher also expressed admiration for the achievements made and historic changes taking place in China. The year 1986 was an exceptional year for Britain and China, she said, because of Hu Yaobang's current visit to Britain and then the historic occasion this October when Queen Elizabeth II makes her state visit to China.

In his reply toast, Hu Yaobang said, "The purposes of my trip are: first, to pay tribute to the great British people and secondly, to contribute my share of promoting the enduring friendly relations and cooperation between China and Britain."

He said: "The moment I set foot on your land, I have been accorded a very warm and ceremonious reception, and today I have had most cordial and amicable talks with you. All this has convinced me that my current visit will achieve all its purposes."

Hu said, "nineteen eighty-six will go down as no ordinary year in the annals of Sino-British relations. We eagerly look forward to the first visit to China by Her Majesty Queen Elizabeth II in October this year." He said that the queen will be accorded a grand and warm welcome by the Chinese people. "Her majesty's visit will mark a new milestone in Sino-British friendly relations," he added.

On the Hong Kong issue, Hu said that the two short visits Prime Minister Margaret Thatcher made to China had led to a major accomplishment: an agreement reached between China and Britain on the settlement of the Hong Kong question left over from the past. "This, of course, owes primarily to the political courage and foresight displayed by you and Chairman Deng Xiaoping," Hu told Mrs Thatcher, adding: "This agreement fully meets the fundamental interests of our two peoples." "What is more, as you pointed out, it sets a good example of peacefully settling international disputes through negotiations, thus winning honour for our two countries," he continued.

On Europe's role, Hu said, "Europe, as an important force in the world that has taken its destiny into its own hands and strongly desires peace, will not only bring benefit to the European people but also contribute to world peace and stability."

#### Hu Speaks on Europe, PRC

OW100134 Beijing XINHUA in English 0120 GMT 10 Jun 86

[Text] London, June 9 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang said here tonight that Europe is "placed in a position of special importance in contemporary international affairs and on matters relating to peace and development which bears upon the destiny and future of mankind.

This is because of the dual historical feature of Europe, Hu said in his speech at a 10 Downing Street dinner given in his honor by British Prime Minister Margaret Thatcher.

On one hand, Hu explained, "being the cradle of the industrial revolution in the modern world, Britain and Europe as a whole made important contributions to human civilization and remain today one of the world's most advanced regions in the fields of economy, culture and science and technology."

"On the other hand, Europe was unfortunately the place where the two world wars broke out, which brought untold calamities to the people. Today, Europe is still pregnant with conflicts of a global scale," he said.

Citing an eminent British statesman's remark to the effect that no great nation would leave the question of its own survival at the mercy of others, the Chinese leader reaffirmed that China "fully respects the domestic and foreign policies made by Britain and other European countries in the light of their actual conditions."

"We are glad to note," he went on, "that European countries and people ardently call for peace and do not want to see the scourge of war befall Europe again." "We are convinced that Europe, as an important force in the world that has taken its destiny into its own hands and strongly desires peace, will not only bring benefit to the European people but also contributes to world peace and stability," Hu stressed.

Turning to relations between China and Western Europe, General Secretary Hu pointed out that there was no conflict of fundamental interests between them. "Rather, we share major common interests. We both need peace and seek development in peace. We share the strong desire to increase our cooperation on the basis of mutual respect, equality and mutual benefit," he said.

General Secretary Hu pointed out, "China wishes to see a strong and united Europe. Likewise, Western Europe wishes to see a strong and prosperous China." "We hope and believe that China and Western Europe will live in amity and enjoy close cooperation not only in the rest of this century, but in the next century as well. I am making this trip to Western Europe in the very hope of making some contributions in this respect," said the visiting Chinese leader who has just started his first West European tour with Britain as its first leg.

#### Further Remarks by Hu

OW100618 Beijing XINHUA in English 0559 GMT 10 Jun 86

[Excerpts] London, June 9 (XINHUA) -- Chinese Communist Party General Secretary Hu Yaobang said here tonight "the rapid and all-round growth" of Sino-British relations "stands as an eloquent testimony to the beginning of a new stage" in the bilateral relations which are "full of bright prospects"

Speaking at a 10 Downing Street dinner given by Prime Minister Margaret Thatcher in his honour, the visiting Chinese leader described his talks with Mrs Thatcher earlier today as "most cordial and amicable."

It is interesting to note that, after Mrs Thatcher referred in her speech to Karl Marx and Adam Smith, General Secretary Hu said, "Indeed, Britain has produced a galaxy of outstanding thinkers, economists, scientists and writers. Adam Smith was one of them."

He pointed out that Adam Smith's "Wealth of Nations" had enabled the classic political economy of Britain, together with the classic philosophy of Germany and socialist theory of France, to become an important source of Marxism.

On Marxism itself, the Chinese leader said, "The Communist Party of China holds that in order to develop itself, Marxism needs to constantly draw upon and absorb the latest achievements of contemporary human civilization. An advanced philosophy should not be taken as dogma. Rather, it should be an ideological source which spurs people to constantly explore and create and enriches itself in the course of social development."

"What we in China are doing now is to integrate the basic theory of Marxism with China's modernization endeavours and build socialism with Chinese characteristics. Proceeding from such belief, I am sure that our two countries can and should, transcending difference in ideology and social system, work actively to further enhance the friendly relations and cooperation existing between us," Hu said.

He also expressed his sincere hope that Prime Minister Margaret Thatcher would visit China again in the near future, stay longer, see more places and experience more the friendship the Chinese people cherish for the British people.

#### Further Remarks By Thatcher

OW100642 Beijing XINHUA in English 0616 GMT 10 Jun 86

[Excerpts] London, June 9 (XINHUA) -- British Prime Minister Margaret Thatcher said she was satisfied with the smooth implementation of the Hong Kong accord in a warm welcoming speech during a dinner in honor of the visiting Chinese party leader Hu Yaobang at No. 10 Downing Street tonight.

"Before you have to leave on Thursday," Mrs. Thatcher said, "I want you to see for yourself that Britain is a society on the move, inventive and flexible. We have had some success in the past at winning Nobel prizes -- now we are turning pioneering ideas into prosperity -- and a prosperity that can be shared."

The Prime Minister went on to say that she had seen those qualities in China too, after having visited the country three times. "I know that historic changes are taking place in your country. I was not surprised to learn that Chinese inventions won six gold medals at a recent international exhibition of new technology in Geneva. And the achievements of your space program, including the successful launch last year of a geosynchronous communications satellite, speak for themselves. Indeed, I understand that you will now be launching some of the Americans' satellites for them."

"On Wednesday," Mrs Thatcher said, "You will visit the British Museum where an influential 19th century thinker -- Karl Marx -- spent so much of his time. Had your visit been longer I would have suggested that you also visit Kirkcaldy, the birthplace of Adam Smith. Marx often complained that he was no Marxist. And likewise, there is no direct reference to capitalism in the 'The Wealth of Nations' -- Adam Smith's analysis of economic behavior which Marx too regarded as a classic."

"We both derive inspiration from the past -- there is a shared sense of respect for history in both our countries. But both nations also look to the future and to the young for inspiration," said Mrs Thatcher.

## Meets UK Labor Party Leader

OW100220 Beijing XINHUA in English 0139 GMT 10 Jun 86

[Text] London, June 9 (XINHUA) -- Chinese Communist Party leader Hu Yaobang and leader of the British opposition Labor Party Neil Kinnock discussed ways of further developing relations between the two parties when they met here this evening.

Sources close to the discussion told the press that General Secretary Hu of the Chinese Communist Party also discussed with Kinnock the improvement of friendly bilateral cooperation between the two countries in various fields.

During their 40-minute meeting, at which the opposition party's spokesman for foreign and commonwealth affairs Denis Healey was also present, Hu and Kinnock discussed international issues of common concern and the development of friendly relations between Britain and China.

Zhu Liang, head of the International Liaison Department of the Central Committee of the Communist Party of China, told XINHUA that during their conversation, Hu again extended an invitation to Kinnock for a visit to China.

During the meeting, according to Zhu, Kinnock made some proposals on further developing cultural and economic relations between the two countries.

Earlier this afternoon, Hu Yaobang met and had a brief conversation with the chairman of the Conservative Party Norman Tebbit who exchanged views with Hu on the development of Sino-British relations.

Prior to his meeting with Kinnock, Hu Yaobang also met former British Prime Minister Edward Heath. They reviewed the development of friendly bilateral relations in the past few years.

## Li Peng Meets UK Officials

OW091413 Beijing XINHUA in English 1402 GMT 9 Jun 86

[Text] London, June 9 (XINHUA) -- Trade and economic cooperation between Britain and China will further expand. This was shown during the two separate meetings between Chinese Vice-Premier Li Peng, who is accompanying visiting Chinese leader Hu Yaobang, and Britain's energy Secretary Peter Walker and Trade and Industry Secretary Paul Channon this morning.

During the meeting between Li Peng and Peter Walker, both sides satisfactorily reviewed the cooperation between the two countries in the field of energy and expressed the hope of further development in the oil field. They are optimistic to the future prospects in this respect.

After reviewing the development of trade and economic cooperation between Britain and China, both Li Peng and Paul Channon exchanged view on how to explore new fields of cooperation and talked about the two-way trade between the two countries. Both sides are confident that the existing projects in cooperation between the two nations will be carried on smoothly. The two meetings proceeded in a warm and friendly atmosphere.

## Li Peng Signs Memorandum

OW091756 Beijing XINHUA in English 1741 GMT 9 Jun 86

[Text] London, June 9 (XINHUA) -- A memorandum of understanding between China, Britain and the Sir Yue-Kong Pao Foundation aimed at establishing a Sino-British friendship scholarship scheme was signed here this afternoon by Chinese Vice-Premier Li Peng, Sir Yee-Kong Pao and British Foreign Secretary Sir Geoffrey Howe.

Hu Yaobang, the visiting general secretary of the Central Committee of the Communist Party of China, and British Prime Minister Margaret Thatcher attended the signing ceremony at No 10 Downing Street. Li Peng is accompanying the Chinese leader on a four-day visit to Britain.

The ten-year scheme, which starts from April 1987, intends to provide scholarships in the United Kingdom for Chinese students majoring particularly in the fields of science, technology, economics and social science. Under the scheme, the Sir Yue-Kong Pao Foundation and the Chinese Government will each contribute 1.4 million pounds while Britain will contribute 700,000 pounds as well as the cost of management services each year in the ten years.

Scholarships, according to the memorandum, will normally be provided for postgraduates, visiting scholars and research workers as well as for industrial training. Candidates will be selected on the basis of their aptitude.

## Li Peng With Trade Council

OW100032 Beijing XINHUA in English 0009 GMT 10 Jun 86

[Text] London, June 9 (XINHUA) -- Vice Premier Li Peng, who is accompanying Chinese leader Hu Yaobang on an official visit to Britain, today expressed the hope that both the Chinese and British sides will make joint efforts to expand China's exports. The volume of China's imports hinges upon that of China's exports, said Li Peng at a meeting here organized by the Sino-British Trade Council (SBTC). The meeting was chaired by Sir Eric Sharp, president of the SBTC and chairman of Cable and Wireless PLC, and attended by British industrialists and businessmen, including those from the 48 group who have long been engaged in trade with China.

Both sides explored the possibility of expanding two-way trade between China and Britain. Vice Premier Li Peng gave an account of the current economic developments in China's policy of opening to the outside world.

British friends put forward suggestions on further cooperation in the fields of coal, steel and transport and communications. They also gave advice in regards with the quality, packing and delivery periods of Chinese exports. They expressed the determination that they would make efforts to increase imports from China.

Referring to the soft loans Britain has recently extended to China, Eric Sharp said at a press conference following the meeting, "the sooner the provision (of the soft loans) was absorbed by the phasing of firm contracts, the sooner we could see to what extent further facilities might be made available." The total two-way trade volumes between Britain and China increased 20 percent in 1985 compared with the previous year, but China had a trade deficit of about 90 million pounds sterling.

## Fei Xiaotong Speaks at LSE

OW100016 Beijing XINHUA in English 2350 GMT 9 Jun 86

[Text] London, June 9 (XINHUA) -- A "big leap" in a small Chinese village in the past fifty years represents the advanced model of modernization of China's rural areas, professor Fei Xiaotong, a world-renowned sociologist, told his alma mater here today. Fei, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, is accompanying Chinese Communist Party leader Hu Yaobang on an official visit here.

He gave a talk this afternoon at the London School of Economics and Political Science [LSE], where he had studied 50 years before.

Jiang Cun, a small village on the east shore of the Taihu Lake in the Yangtze Delta in China, became famous after Fei's work in 1936.

Talking in English, Fei introduced the tremendous changes he saw with his own eyes when he visited the village on 12 occasions. He told his schoolmates that "the implementation of the production responsibility system has given fresh impetus to the village and its township industry since 1979."

He said the more important change in Jiang Cun is in the production structure. In 1985, the industrial output value accounted for 60.4 percent of the total, while the agricultural output value made up for 13.5 percent in that village, he said. "Jiang Cun's experience will undoubtedly have an impact on other villages," he said. "China is on the march to become a strong and prosperous country," he concluded.

He then answered questions which covered broad fields in China's social affairs put forward by some professors and students of the school.

On November 18, 1981, professor Fei received in the hall of the school the 1981 Thomas H. Huxley Memorial Medal for his research about Jiang Cun. He was the first Chinese scholar to win such an honor by the Royal Anthropological Institute of Great Britain and Ireland.

## Fei Discusses Hong Kong Future

OW100629 Beijing XINHUA in English 0612 GMT 10 Jun 86

[Excerpt] London, June 9 (XINHUA) -- Professor Fei Xiaotong, who is accompanying Chinese Communist party leader Hu Yaobang on a visit here, today had an afternoon tea at the House of Lords with Lord Maclehose of Beoch, president of the Great Britain-China Center. During the 45 minutes of talk, Prof. Fei exchanged views with Lord Maclehose, former governor of Hong Kong, on the future of Hong Kong.

The Chinese and British Government signed a joint declaration in December, 1984, on the future of Hong Kong. According to the agreement, China will reexercise its sovereignty over Hong Kong in 1997.

ZHENG TUOBIN INTERVIEWED ON HU VISIT TO EUROPE

OW061719 Beijing XINHUA in English 1528 GMT 6 Jun 86

[Text] Beijing, June 6 (XINHUA) -- Zheng Tuobin, Chinese minister of foreign economic relations and trade, said here that China attaches great importance to expanding trade and economic cooperation with West European countries. "We will continue to make efforts in this regard," he said.

The minister said Chinese Communist Party General Secretary Hu Yaobang's forthcoming visit to Britain, Federal Germany, France and Italy will surely promote the growth of political, economic and other relations between China and these four countries, and Western Europe as a whole. In a exclusive interview with XINHUA Thursday, Zheng said he is pleased to see the smooth development of trade and economic cooperation between China and these four countries which have taken positive measures to develop mutual cooperation.

Noting the China enjoys political stability and its policy of opening to the outside world is being carried out in depth, Zheng said, "Our economic reform is going on smoothly and our economic legal system is improving daily, the recent addition being the promulgation of the law on enterprises operated exclusively with foreign capital."

Zheng said he hoped that China and Western European countries would make full use of those favorable conditions while solving the existing problems with a positive attitude and removing obstacles for the growth of trade. He welcomed more Western European entrepreneurs to invest in China.

Speaking of Sino-British trade and economic relations, the minister said Britain is one of China's major trading partners in Western Europe, and bilateral trade has increased rapidly in recent years. He said the 1985 total trade volume reached 1.426 billion U.S. dollars, representing an increase of 20 percent over 1984, while the figure for the first four months this year was 349 million U.S. dollars -- 3.3 percent more than in the corresponding period of last year.

Zheng said that up to now Britain has made an investment of 370 million U.S. dollars in China, involving 13 joint ventures, two jointly managed enterprises and 11 projects for joint exploration of offshore oil. "The British Government has offered China 300 million pounds sterling in soft loans and increased the proportion of grant loans for personnel training, technical exchanges and project feasibility studies."

Zheng said China and Federal Germany have also markedly expanded their trade since diplomatic relations were established in 1972. The trade volume for last year totalled 3.071 billion U.S. dollars, more than 10 times that of 1972 and ranking first in trade between China and Western European countries. "Last year Sino-Federal German trade accounted for 5.1 percent of the total Chinese foreign trade," he said. "The bilateral trade volume for January to April this year totalled 1.318 billion U.S. dollars, an increase of 66 percent over the corresponding period of last year." In addition, the minister said, investment by Federal German businessmen had also been on the increase. According to incomplete statistics, he said, "West Germans have established 14 joint ventures in China, including a car project in Shanghai which has achieved good economic returns."

On Sino-French trade and economic cooperation, Zheng said bilateral trade has rapidly increased in the past few years. Last year, China's import volume from France was 591 million U.S. dollars and its export volume, 238 million U.S. dollars. In the first four months of this year, he said, the volume of bilateral trade came to 332 million U.S. dollars, a 38 percent increase over the corresponding period of last year. He noted that last year the two countries signed contracts on importing electric locomotives, power stations, airplanes and telecommunications.

On Sino-Italian economic and trade relations, he said the 1986 trade volume between the two countries topped 936 million U.S. dollars -- 40 percent more than the 1984 figure. From January to April this year, the trade volume reached more than 418 million U.S. dollars, a 31 percent increase over the same period last year. Italy is one of the Western European countries which has long provided China with considerable government loans with preferential conditions, he said. So far, the two countries have signed big-project contracts on building a hydroelectric power station in Panjiakou, a light truck plant in Nanjiang and a power plant in Dagang. In addition, a coal-gas project in Beijing and a seamless steel tubing plant in Tianjin are under negotiation.

Zheng said China's trade deficit with the four countries still remains a problem. "We hope the problem will be resolved gradually through expansion of trade instead of reducing imports. We also hope that the four countries will adopt measures to help China expand exports while increasing their own exports to China," he said. Only when exports are increased can China improve its ability to pay and, therefore, import more, he added.

Zheng expressed the hope that the above-mentioned four countries will further open their markets to China, increase quotas of China's export commodities, and relax restrictions on import licences. Zheng expressed the belief that there exists great potential for economic cooperation and trade between China and Western European countries. The scope of their cooperation in trade and economy will surely be greatly expanded.

#### XINHUA ON WESTERN EUROPEAN UNION SESSION

OW060928 Beijing XINHUA in English 0652 GMT 6 Jun 86

[Text] Paris, June 5 (XINHUA) -- The four-day session of the Assembly of the Western European Union (WEU) ended here today, with participants calling for a greater say by the seven-nation organization in handling regional and international issues. During the meeting, members of Parliament and officials from Belgium, Britain, France, Federal Germany, Italy, Luxembourg and the Netherlands, expressed their concern that the organization, set up in 1954 to coordinate defence and political issues of Western Europe, has not been functioning properly. It is now "merely a diplomatic instrument" rather than "an organ of decision", they said.

The officials expressed their desire to "revive the union" and shape it into "the European pillar" of the North Atlantic Treaty Organization (NATO) and "the security pillar of the European edifice".

The participants voiced their fears that the Mediterranean area will become a site of rivalry between the superpowers and that conflicts in the region will lead to a wider-scale military confrontation.

The WEU Assembly meeting complained that NATO has overlooked its south flank and adopted a recommendation which calls on WEU to share a greater responsibility for the Mediterranean by supporting joint NATO exercises and coordination maritime surveillance in the region and providing military aids to Portugal, Greece and Turkey.

The WEU meeting criticized the United States for not taking European opinions into account on matters such as the space defence initiative, chemical weapons and the raid against Libya, and maintained that Western Europe should become an equal partner of the United States in NATO. It also called on WEU member governments to insist on existing disarmament treaties, especially the SALT-II and Anti-Ballistic Missile Treaties, and required them to promote without delay negotiations on bans on nuclear tests and chemical weapons.

The WEU Assembly also proposed to set up a European institute for advanced defence studies and asked WEU Council, the administrative body of the union, to consider without delay Portuguese application for WEU membership.

Speaking at a press conference after the meeting, WEU Assembly Chairman Jean-Marie Caro said that the revival of the union should not remain on paper but be turned into action. He said WEU must engage in European defence and disarmament as well as assessing the possible threat to Europe and weapons co-production.

#### NUCLEAR DISARMAMENT MEETING CONDEMNED ARMS RACE

OW090302 Beijing XINHUA in English 0153 GMT 9 Jun 86

[Text] Paris, June 8 (XINHUA) -- A four-day special meeting of the 5th European Nuclear Disarmament Convention ended here today, with participants expressing grave concern at the militarization of the region as well as of other parts of the world and the arms race. The meeting of 650 representatives from 38 countries from all over the world condemned the U.S. Strategic Defence Initiative and the militarization of space. It also called for the dissolution of military blocks and the creation of nuclear-free zones.

Speaking today at the closing session, Cao Xiaobing, vice secretary-general of the Chinese People's Association for Peace and Disarmament, expressed the strong desire of the Chinese people to work for world peace and for the complete elimination of nuclear arms. He [as received] urged for a halt to the arms race and for the prevention of a new world war. "With the joint efforts of peace-loving people, world peace can be safeguarded," he said.

#### HU QILI MEETS FRENCH COMMUNIST PARTY PRESS GROUP

OW091236 Beijing XINHUA in English 1206 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Hu Qili, member of the Political Bureau and Secretariat of the Chinese Communist Party Central Committee, met here today a delegation from the press of the French Communist Party. Hu told the visitors that China's present urban economic restructuring is in fact an all-round reform, involving the economic, educational, cultural, scientific, technological and unavoidably political fields. He expressed the belief that China's economic restructuring will not change the socialist system, since only socialism can make China strong and prosperous.

Delegation leader Francois Hilsum, who is deputy director of the French party organ, "L'HUMANITE", said his delegation got the impression that China's economic restructuring has achieved initial results and the Chinese Communist Party has a firm control of its progress.

ZAIRIAN STATE COMMISSIONER ARRIVES IN BEIJING

OW070758 Beijing XINHUA in English 0738 GMT 7 Jun 86

[Text] Beijing, June 7 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of the Executive Council of the Republic of Zaire, his wife and their party flew into Beijing this afternoon for a 6-day official goodwill visit to China. Invited by Chinese Premier Zhao Ziyang, Kengo is the first prime commissioner of state Zaire of to visit China. Zhao Dongwan, chairman of the reception committee and minister of labor and personnel, welcomed the Zairian guests at the airport.

## Zhao Ziyang Hosts Banquet

OW071752 Beijing XINHUA Domestic Service in Chinese 1317 GMT 7 Jun 86

[Text] Beijing, 7 Jun (XINHUA) -- Premier Zhao Ziyang pointed out here today that China and Zaire have always respected and trusted each other, their friendly relations are steadily growing, and the cooperation between the two countries in political, economic, and cultural fields is fruitful. Zhao Ziyang made these remarks at a banquet given by him tonight at the Great Hall of the People in honor of Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire, and Mrs Kengo.

Zhao Ziyang expressed the belief that Prime Commissioner of State Kengo's visit will surely add a new chapter to the annals of Sino-Zairian friendship. Zhao Ziyang said: The African people are working hard in self-reliance, unity, and cooperation to meet the two-fold challenge to their survival and development. Many African countries are summing up their practical experience to explore correct ways to invigorate their economies and improve the people's living standards in consideration of their actual situations. This widespread trend is greatly inspiring.

He said: The UN General Assembly held a special session not long ago specifically to discuss the critical economic situation in Africa. With resolutions adopted on how to overcome difficulties and develop the African economy, the session has achieved positive results. We are convinced that African countries surely can improve their economic situation, achieve prosperity on the African continent, and make greater contributions to world peace and development. Zhao Ziyang said: A solid friendship exists between the Chinese people and the African people. With the growing economies and the national strength of China and African countries, economic cooperation between China and Africa will expand further with more substance and greater variety of forms, and the cooperation surely will further help promote a common prosperity.

Kengo pointed out in his speech: My visit to China shows that very good friendship, unity, and cooperation exist between Zaire and China. We are glad to see that in bilateral relations, Zaire and China have made progress in exemplary cooperation in all fields.

On the international situation, Kengo pointed out: Zaire adheres to those basic principles indispensable for any forms of peaceful coexistence. Besides, Zaire follows a foreign policy of opening to the rest of the world without any exception and stands for nonalignment and for good-neighborly relations with fraternal African countries. Kengo said: Zaire supports the recent United Nations special session on the critical economic situation in Africa. The session reached a political consensus and made the international community aware of the urgency and necessity to adopt a concrete strategy for invigorating the African economy. The Zairian Executive Council and the Zairian people appreciate the support given by the Chinese Government and people to this action concerning Africa.

Present at the banquet to help entertain the guests were Gu Mu, state councillor and chairman of the reception committee, and Zhao Dongwan, minister of labor and personnel.

Kengo and Mrs Kengo arrived here this afternoon for a 6-day official friendly visit to China at the invitation of Zhao Ziyang. Prior to the banquet, Zhao Ziyang presided over a formal ceremony at the plaza east of the Great Hall of the People welcoming Kengo, his wife, and party. Amid a 19-gun salute, a military band played the national anthems of China and Zaire. Then, Kengo, accompanied by Zhao Ziyang, inspected a guard of honor of the Chinese PLA's Army, Navy, and Air Force. After the ceremony, Zhao Ziyang had a cordial and friendly conversation with Kengo, his wife, and party in the Great Hall of the People.

Holds Talks With Zhao

OW080838 Beijing XINHUA in English 0759 GMT 8 Jun 86

[Text] Beijing, June 8 (XINHUA) -- Chinese Premier Zhao Ziyang said today that joint investment, co-management, technical and labor services are important forms for diversifying Sino-Zairean verified economic and technological cooperation.

While conferring with Kengo Wa Dongdo, prime commissioner of state of the Executive Council of Zaire, earlier today, Zhao said the two countries should actively explore into these fields and their governments can also take measures to promote the cooperation.

The two sides exchanged views on bilateral friendly relations, the situation in Africa and the Asia-Pacific region as well as other international issues of mutual interest. They expressed satisfaction with bilateral fruitful cooperation and hoped that economic and technological cooperation will be expanded through joint efforts in a direction of permeating in varied forms and different fields.

Kengo spoke highly of China's attention to the South-South cooperation. He also briefed Zhao on Zaire's endeavor to invigorate the economy and its open, non-alignment and good-neighbor policies. The Chinese premier highly appreciated Zaire's policies for independence and non-alignment and against imperialism, colonialism and hegemonism.

During an interview with Zairean reporters after the talks, Zhao described Kengo's choice of making China the first country to visit during his official tours abroad as prime commissioner demonstrates the significance paid to China by President Mobutu Sese Seko, the Zairese Government and Kengo himself. The visit by Prime Commissioner Kengo will surely contribute to Sino-Zairese cooperation in the future, he said. Earlier today, Kengo paid homage and laid wreath to the Monument to the People's Heroes here.

Attends Cultural Presentation

OW081202 Beijing XINHUA in English 1155 GMT 8 Jun 86

[Text] Beijing, June 8 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of Executive Council of Zaire, and Mrs. Kengo attended a performance of songs and dances and acrobatics sponsored by the Chinese Ministry of Culture here this evening. Mushobekwa Kalimba Wa Katana, Zaire's commissioner of state for international cooperation and foreign trade, held talks with Lu Xuejian, China's vice-minister of foreign economic relations and trade, here this afternoon.

## Received by Trade Officials

OW090804 Beijing XINHUA in English 0755 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire, expressed the hope today that the economic cooperation between the two governments and unofficial organizations will be strengthened. He said this while meeting representatives from the All-China Federation of Industry and Commerce, and entrepreneurs in Beijing.

Kengo gave a brief account of his country's economic development plan and said Zaire has taken a series of important measures to develop economy including cooperation with foreign dealers, and achieved good results. He asked Chinese entrepreneurs to invest in Zaire.

Gu Gengyu, vice chairman of the Chinese federation, said Chinese industrial and commerical circles are willing to contribute to Sino-Zairian cooperation in the field of economy and technology.

## Meets with Deng Xiaoping

OW091000 Beijing XINHUA in English 0949 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- Top Chinese leader Deng Xiaoping today set forth his view on the connection between development and peace during his meeting with Kengo Wa Dondo, prime commissioner of state of the Executive Council of Zaire.

"Development and peace are not separated. The more developed the Third World countries, the more hope for peace," he said. However, "only in a peaceful international environment, could the Third World develop." Deng said that among the many things that China faces, two are essential: one is construction and the other is a contribution to world peace.

Briefing the visitors on China's current economic restructuring, he described the reform as "vital to the country." "The overall economic restructuring centering in the cities determines the fulfillment of China's target of per-capita national income of 800 U.S. dollars by the year 2000 as well as its becoming a "medium-level developed country" in the next century. Over the past year, China's reform has kept a good course," Deng said adding that he believes it is sure to succeed. "The accomplishment of the reform will not only create sound conditions for the country's sustained and stable development, but also good experience for Third World countries," he said.

Kengo told the Chinese leader that China's reform will surely bring about fresh momentum to Zaire's development.

In a cordial atmosphere, Deng asked Kengo to convey his regards to President Mobutu Sese Seko. Recalling thier first meeting in 1974 when Mobutu visited China, Deng said, "We are old friends." He added that Mobutu's many visits as well as Prime Commissioner Kengo's present visit to China have contributed much to Sino-Zairese friendship. Kengo also conveyed President Mobutu's good wishes to Deng.

Leaves for Hangzhou, Shanghai

OW100641 Beijing XINHUA in English 0624 GMT 10 Jun 86

[Text] Beijing, June 10 (XINHUA) -- Kengo Wa Dongdo, prime commissioner of state of the Executive Council of Zaire, his wife and their party left here this morning for a visit to Hangzhou and Shanghai. Chinese Premier Zhao Ziyang went to the Diaoyutai State Guesthouse to say goodbye to the visitors.

Kengo expressed his gratitude to the Chinese Government and people for their hospitality accorded to him during the visit. He also expressed his satisfaction with the good relations and cooperation between the two countries since the normalization of their diplomatic relations in 1972 and with the two documents signed earlier this morning.

Zhao described Kengo's visit as very successful. He said the visit has promoted the friendship and mutual understanding between the two peoples and will also further the China-Zaire friendly relations and cooperation based on mutual trust. Zhao said that during his visit to other places of China, Kengo would surely see the good feelings cherished by the Chinese people towards Zairese people.

Kengo is accompanied on the visit by Minister of Labor and Personnel Zhao Dongwan.

The two documents are an agreement on the Chinese Government providing loans to the Zairese Government and a protocol on sending Chinese medical teams to Zaire. Under the protocol, 30 Chinese medical workers will go to work in the country this year.

SWAPO DELEGATION BEGINS VISIT IN BEIJING 3 JUNE

Geng Biao Meets, Fetes

OW031124 Beijing XINHUA in English 1120 GMT 3 Jun 86

[Text] Beijing, June 3 (XINHUA) -- Geng Biao, vice-chairman of the National People's Congress Standing Committee, met with a delegation from the South-West African People's Organization led by its president Sam Nujoma here this evening. Geng gave a dinner for the visitors after the meeting.

Zhu Liang, head of the International Liaison Department of the Chinese Communist Party Central Committee, was present on both occasions. The Namibian visitors will leave here for Shanghai tomorrow.

Wu Xueqian Meets Delegation

OW080844 Beijing XINHUA in English 0804 GMT 8 Jun 86

[Text] Beijing, June 8 (XINHUA) -- Wu Xueqian, member of the Political Bureau of the Chinese Communist Party Central Committee, state councillor and foreign minister, met with a delegation from the South-West African People's Organization led by its President Sam Nujoma here today. Nujoma gave an account of the situation in the Namibian people's struggle and reiterated China's support to their cause for national independence.

## SWAPO President Interviewed

OW080119 Beijing in English to North America 0000 GMT 6 Jun 86

[Text] The President of Namibia's Southwest African People's Organization [SWAPO] says the Namibian people will intensify military, political, and diplomatic actions to isolate the racist regime of South Africa. Sam Nujoma says Namibians are politically mature and ready to fight for the total independence of their country. He spoke with Radio Beijing reporter (Qin Changqin). Nujoma says Namibia's independence is inevitable and that no force on earth can prevent it. While Nujoma points out that the racist regime of South Africa will not give up its colonial policy easily, he accuses the South African authorities of setting up a puppet regime and practicing apartheid in the country.

[Begin Nujoma recording] The reality is that this country [words indistinct]. They are the tools in the hands of the enemy being used to delay genuine freedom and independence of Namibia. [end recording]

The Southwest African People's Organization, SWAPO, was founded in 1960. Nujoma says it began an armed struggle 6 years later because it realized that the South African colonialists couldn't be convinced by demonstrations and strikes.

[Begin Nujoma recording] The main aim and objective for the struggle of Namibia is to fight [word indistinct] and liberate Namibia from the yoke of South African colonialism and achieve genuine freedom and independence. [end recording]

Nujoma says the long 20 years of armed struggle have been constructive. SWAPO has created confidence in the minds of the Namibian people. The days and years of Namibian growth are due to the organization.

[Begin Nujoma recording] To us [words indistinct] readiness to make sacrifices in order to break the chain from colonialism and free themselves. [end recording]

Many African countries are calling for economic sanctions against South Africa. Nujoma refutes the allegation that the African people will suffer if such sanctions are enacted. He says the Africans in Namibia and in South Africa are dispossessed people; they own nothing.

[Begin Nujoma recording] That kind of a statement is certainly a deceptive and harsh statement. It has been made by rich South Africans and repeated by the other capitalist countries because they are selfish people [words indistinct] in the region outside of Africa. These are the countries that are exploiting Namibia's natural resources such as diamonds, copper, uranium, and others, while the Namibian people are suffering from hunger, disease, and [word indistinct]. [end recording]

The SWAPO leader says his organization wants to establish a people's government in Namibia, a government that will serve the interests of the Namibian people irrespective of their color, race, or place of origin.

[Begin Nujoma recording] We have extended a hand of friendship to the minority white settlers. We are not fighting against individual rights as human beings, but we are helping the victims of colonialism, imperialism, racism, and apartheid. [end recording]

Sam Nujoma and his delegation arrived in Beijing on Monday for a friendly visit at the invitation of the Chinese Communist Party.

## Pro-Namibia Rally Held

OW071444 Beijing XINHUA in English 1429 GMT 7 Jun 86

[Text] Beijing, June 7 (XINHUA) -- More than 1,000 people attended a rally in Beijing today to support the Namibian people in their struggle to win national independence. Among those attending the rally were Geng Biao, National People's Congress Standing Committee vice-chairman, Sam Nujoma, president of the South-West African People's Organization (SWAPO), diplomatic envoys from African countries and representatives of African students studying in Beijing.

Zhou Peiyuan, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, condemned South Africa's recent armed attacks on Botswana, Zimbabwe and Zambia. Zhou said SWAPO had exposed and repudiated the conspiracy of South African authorities in their manipulation of parties in Namibia and in their attempt to create a sham independence.

He added that SWAPO's struggle for national independence had won increasingly broader assistance and support from the masses of black and white people who opposed colonialism and racism. It had also won extensive support from the frontline states, other African nations and from people all over the world.

The Chinese people "have always closely observed the situation in Namibia and the development of the struggles by SWAPO, and have stood by you." China has resolutely opposed South Africa in its refusal to implement the U.N. Security Council resolution with the backing of the United States, its prolonged illegal occupation of Namibia, and the 'linkage scheme' designed to obstruct the independence of Namibia. "The Chinese Government and the Chinese people will consistently provide many-sided support to SWAPO and the Namibian people," Zhou Peiyuan stated.

Addressing the rally, Nujoma expressed his profound gratitude to China and the Chinese people for their concrete material assistance, and political and diplomatic support for the struggle of the oppressed people of Africa in their national liberation movements. He condemned the barbaric laws imposed by the South African authorities, which had brought hunger and bloodshed to the Namibian people.

Nujoma also condemned United States support for the South African authorities through frustrating a draft resolution in the United Nations Security Council which intended to impose comprehensive mandatory economic sanctions against South Africa.

He called on the international community to increase economic and military assistance to the frontline states. "In the face of naked aggression on the part of the Botha regime against the Namibian people," he said, "SWAPO is left with no other alternative but to intensify the armed liberation struggle, with the clear purpose of wiping out the South African racist troops in Namibia, and causing the inevitable collapse of the so-called interim government of national unity imposed on our people by racist South Africa. "Our ultimate aim and objective is to seize power and create a people's government in Namibia -- a government that will serve the interest of all our people, irrespective of their color, race or religion." Other speeches at the rally were made by several diplomatic envoys of African countries.

I. 10 Jun 86

CHINA  
PRC NATIONAL AFFAIRS

K 1

MINISTRY DENIES KNOWLEDGE OF VIOLINIST'S DEFECTION

HK091354 Hong Kong AFP in English 1345 GMT 9 Jun 86

[Text] Beijing, June 9 (AFP) -- The Chinese Government said Monday it knew nothing of the defection to Taiwan by the Beijing Orchestra's first violinist, Feng Ming.

A Chinese Ministry of Culture official told AGENCE FRANCE-PRESSE when asked about the incident reported by Taiwan on Saturday: "We have no knowledge of such a report."

Feng Ming, 40, went to Taiwan on an undisclosed date, according to Taiwan's CENTRAL NEWS AGENCY (CNA).

The violinist was interrogated and tortured for more than a year during the Cultural Revolution (1966-1976), CNA said.

RENMIN RIBAO URGES IMPLEMENTATION OF POLICIES

HK090824 Beijing RENMIN RIBAO in Chinese 9 Jun 86 p 1

[Commentator's article: "It Is Still Necessary To Get a Good Grasp on Implementing Policies"]

[Text] A number of areas and units have recently decided to carry out a check on policy implementation, with the emphasis on resolving problems left over from history. Some units, such as the Guangdong Provincial No 1 Light Industry Department, have adopted a serious and responsible attitude in reexamining and satisfactorily resolving a number of leftover problems involving science and technology personnel and cadres. This good way of doing things calls our attention to this issue: It is still necessary to get a good grasp on implementing policies, and this is something that cannot be taken lightly.

Since the 3d Plenary Session of the 11th CPC Central Committee, in the course of bringing order out of chaos, the party organizations at all levels have done extremely arduous work in implementing the policies on intellectuals, the united front, Overseas Chinese affairs, and so on, achieving notable success. These moves have been enthusiastically supported by the people. This is an important reason for the good situation that we have today. However, in many places policy implementation remains incomplete, and there are still some leftover and overlooked problems that have not been resolved. Hence, we cannot say that the work of implementing policies has been fully accomplished and cease to tackle it; we must make still greater efforts to get a good grasp on this work.

The main reason why there are still leftover problems of various kinds in policy implementation is that many leading organs lack sufficient initiative, sense of responsibility, and sense of dealing with concrete work matters. The CPC Committee mentions policy implementation every year and has a clear-cut attitude toward it. The policy demarcation lines are also very explicit. What is needed now is not the issuing of documents, calls, and instructions, but action to go deep into the grass roots and among the masses to investigate the situation and advance concrete solutions. It is necessary to thoroughly investigate the situation in every place and to resolve every problem. This is very concrete and painstaking work, and there are indeed some troublesome aspects in undertaking it.

However, far from being afraid of troubles, we should take the initiative to look for them. We must realize that unless the party's policies are implemented well, it will be impossible to further consolidate the political situation of stability and unity and mobilize to the maximum the enthusiasm of the masses to engage in that socialist modernization drive. It will have a great impact on the party's prestige, and is also closely related to the masses' vital interests. This is not something that need not necessarily be done; it is a thing that it is imperative to do well.

In implementing the policies, we must dare to take responsibility and to have the final say. We should act in the proper way in implementing the party policies, without any apprehensions or fear of difficulties. As soon as implementing policies is mentioned in certain places, people there stress that they have no money and can hardly solve the aftermath issues. Of course, there are indeed certain practical difficulties in this respect. However, can we fail to implement the policies just because there are difficulties? We must realize that political reputation is something of primary importance, while specific difficulties are of secondary importance. We cannot ignore the reputation of the party policies on account of specific difficulties. Are there no difficulties in places and units that have done well in implementing policies? Moreover, it is by no means a fact that every case of policy implementation costs money. For instance, there is no need to spend any money in making a correct conclusion, restoring someone's reputation, eliminating inaccuracies in people's files, and so on. The key lies in having a sense of responsibility. If we are bold in taking responsibility and working in an earnest and down-to-earth way, we will be able to find ways of solving many difficulties. Even if certain problems cannot be resolved for the time being, we believe that the masses will be reasonable as a result of patient and painstaking consultations with them. Of course, it is improper to raise demands that are not permitted by the policies. With regard to those people who have long been hanging around Beijing and other cities applying for an audience with higher authorities to help them with their problems, it is all the more necessary to assign personnel for the specific purpose of doing more work on them and solving properly those problems that should be solved. Where the problems are indeed impossible to resolve, it is impermissible to adopt a simple and crude approach.

The key to implementing the policies lies in implementation. Solving a problem is more useful and effective than endless empty talk. We hope that the party organizations at all levels will get a good and thorough grasp on the work of implementing policies.

#### ECONOMIC PROFESSOR'S ROLE IN REFORM NOTED

HK300337 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0743 GMT 28 May 86

[Report by reporter Xu Hong: "Independent Thinker of China's Economic Reform -- on Li Yining, Professor of Beijing University" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing 28 May (ZHONGGUO XINWEN SHE) -- Professor Li Yining of Beijing University published 2 weeks ago an article entitled "The Basic Train of Thought of Reform," in which a complete set of new concepts for China's economic reform is proposed. The article has caught the attention of all circles since its publication.

People have attached importance to this article not only because it has proposed the concept that "the success of China's economic reform does not depend on the price reform but reform in the ownership system," which is markedly different from the official explanation, but also because the author is one of the economists influential in China's economic reform.

Professor Li Yining has more often than not been invited as a guest at the symposiums on the study of economic reform policies convened by the state's decision-making center in recent years. On many occasions, he has participated in the investigation and consultation on the structural reform of investment, prices, wages, and banking as well as the discussion on the general planning for China's reform of the economic structure and the seventh "5-Year Plan." Professor Li Yining says: "China's economic circles have played their role in the state's decision-making; however, such a role does not focus on a certain individual, but is demonstrated in collective wisdom."

In this think tank, Li Yining has his own speciality and advantages. In his own words: "I used to study socialist economics, and later, I turned to the study of Western economics. But now, I am coming back to the study of socialist economics;. I have become familiar with economic theories of both the East and the West, thus, I now have a wider range of knowledge and vision, and more approaches for research." He has referred to, and applied, many analytical approaches and research results of modern Western economics in his own theory. However, he has always believed that the knowledge structure of Chinese economists should be brand-new, and it should take its root in Chinese economics if it is to be deep-rooted, to thrive and to yield rich fruit.

This 56-year-old economist began to introduce modern Western economics to the hinterland in 1979, and has on several occasions given lectures in this field to leading members of China's economic departments. China's ideological field was just beginning to defrost at that time, and the theoretical economic circles were far from being emancipated from the practice of "quoting from Marx and Lenin in every article, and mentioning the Soviet pattern in every speech." People like Li Yining were outstanding and unique people who could lecture on Western economics objectively and systematically with an overall vision.

Great changes have taken place in the situation since then. Li Yining has now become a representative of a school in China's economics circles. He is a most popular teacher among young students in Beijing University, in which he has been lecturing for years. College students love to attend his lectures because they are substantial and have a modern style: a quick tempo with voluminous information. The students love to read his books. Over the past 5 or 6 years, he has successively published more than 10 books, including "Educational Economics," "A General Introduction to Modern Western Economics," "British Economy in the 20th Century -- a Study of the 'British Disease,'" which are vied for among students and often run out of stock. Li Yining forecasts: "A decade from now, China's new economics will emerge among those who are in their thirties and forties today."

Li Yining, a graduate of 1950s from the Department of Economics, Beijing University has gone through all the bitterness of political campaigns and academic criticism, and the road of his growth was tortuous. He felt most sorrowfully: The development of China's economics needs of good academic environment. He says: "China's academic economic circles have never experienced an atmosphere of the contention of a hundred schools of thought.

"Some people are used to arbitrarily applying their big sticks; the 'Ma Ding disturbance' is abnormal. China's academic economic circles were basically silent between the end of 1985 and before the 'Ma Ding disturbance' this spring, and such silence is unfavorable to modernization."

China's academic economic circles should not remain silent while facing the profound changes from the old to the new structure. The CPC is doing its best to create a relaxed environment for opinions, which will accelerate the prosperity of economics. In only 3 weeks, Li Yining's articles on economic reform, and the prospect for the development of China's economics were reprinted in RENMIN RIBAO, BEIJING RIBAO, and SHIJIE JINGJI DAOBAO. This can be viewed as a signal for the revitalization of China's economic academic circles.

#### COMMERCE MINISTER VIEWS UNHEALTHY PRACTICES

OW100309 Beijing XINHUA Domestic Service in Chinese 1529 GMT 9 Jun 86

[By RENMIN RIBAO reporter Pa Gang and XINHUA reporter Chen Naijin]

[Excerpt] Beijing, 9 Jun (XINHUA) -- The Ministry of Commerce has decided to conduct a general inspection, beginning immediately, of unhealthy practices in commercial departments. The purpose is to see that measures to promote good behavior are implemented and that state-run commercial setups and supply and marketing cooperatives will significantly improve their service quality before National Day.

For this purpose, the Ministry of Commerce called a nationwide telephone conference of commercial departments today. Speaking in the conference, Minister Liu Yi said: The commercial departments have carried out many reforms, and business is brisk and prosperous. But there are also many problems concerning service quality. In addition to the problem of service attitude and the desire for big profits in running a business, some commercial enterprises have allowed their own immediate interests to take precedence over the principle of unity between economic results and social benefits. They have acted in contravention of the policy by engaging in some dishonest practices. These include boastful publicity of commodities; arbitrary tie-in sales, deceiving mix-up sales, and underweight or short-measurement sales in marketing; demanding a lower price for commodities of an inferior quality in procurement; poor quality of products by industries run by commercial setups; untrustworthiness in the handling of purchases and sales; demanding bribes or taking sales commissions; using bogus certificates; and using commodities to seek personal gains. These practices have discredited socialist commerce. All commercial enterprises must organize their workers to discuss these behaviors that blemish the good names of socialist commerce and take effective rectifying measures.

Liu Yi said: Under the circumstances or relaxed policy, invigoration of the market, and multiple-channel circulation of commodities, some state-operated commercial enterprises have abandoned their own trade and shifted to another, while other enterprises have shown little enthusiasm for their part in market regulation. These problems must be resolved in good time. Otherwise, the resultant irrational structure of various trades and professions will cause market price fluctuations and inconvenience to the people. Therefore, all commercial enterprises that deal with peoples' daily necessities and offer everyday services for the people may engage in diversified businesses only on the basis of doing a good job in their own trades. They must refrain from shifting to other trades at will.

CADRES WARNED ON FAVORS FOR 'PERSONAL CONNECTIONS'

0W071251 Beijing Domestic Service in Mandarin 1100 GMT 6 Jun 86

[Station commentator's Article: "It Is Necessary To Adhere to Principles and Refrain From Taking Care of Personal Connections"]

[Text] After assuming leading posts, young cadres are often harassed by some people who visit them with requests for favors. Some of these people are the cadres' own relatives while others are the cadres' schoolmates, neighbors, or former superiors or leaders. Confronted with such a situation, a group of newly-rising young cadres are compelled to undergo a rigorous test as to whether they should adhere to principle and handle affairs impartially or look after personal connections and accommodate the unreasonable requests of some people.

Reflected in the image of the party itself, party principles serve as an important basis for the party to establish policies and discipline. Accordingly, all party comrades should conscientiously observe and safeguard those principles. The most fundamental party principle is persisting in the goal of wholeheartedly serving the people. It allows us only one basic consideration in exercising our functions and powers, that is, to serve the people in a responsible manner and with their interests in mind.

Indiscriminately accomodating a few people with the purpose of serving personal connections violates the interests of the majority of people, deviates from party policies, and runs counter to the party's fundamental goal. To be sure, most young cadres perform well in upholding the party spirit and principles. However, a few comrades show gross deficiencies in this respect. These comrades forego principle and look after personal connections largely as a result of their inadequate understanding of the prime importance of upholding the party spirit and principles, their insufficient training in the party spirit, and their lack of political experience. Despite their high enthusiasm for improving their work after taking office, they are still inept at correctly handling complex personal relations. They sometimes even think that in order to overcome the problems at work, the unjustified requests of a few people may be satisfied without compromising overall interests. This way of thinking is naive and harmful. As a matter of fact, once concessions are made on matters of principle and an improper precedent is established, more people will ask for special favors. This will trigger an unhealthy trend, arouse dissatisfaction among most of the people, and land the person at issue in a plight in which he cannot command public obedience and assistance.

Some comrades forego principle and look after personal connections because they do not understand that all things in the world develop amid conflicts. Our party grows in the process of constantly solving conflicts. Communist Party members should not dread and shun conflicts. Under the influence of inflated individualism, some party members seriously violate the law and discipline, and seek personal gain through the abuse of power. We should not take a weak approach and acquiesce on such matters. Instead, we should solve these problems positively, forcefully, and seriously.

There are also some young cadres who indiscriminately take care of personal connections out of selfish motives and personal considerations. Deluged with requests for unwarranted favors from all quarters, these comrades think only of themselves and take the stand of offending no one by looking after personal ties in turn. If continued, this practice will not only impair the party's image and greatly undermine the leadership's prestige, but will also erode the ideology of cadres and hamper the healthy growth of the cadres themselves.

In a nutshell, young cadres should never take the matter of indiscriminately looking after some personal connections lightly. They should conscientiously strengthen the party spirit in all matters, set strict demands on themselves, and live up to the trust and hopes of the party and the people in the course of exercising their functions and powers.

GUANGMING RIBAO: UNHEALTHY TENDENCIES NOT INEVITABLE

HK090323 Beijing GUANGMING RIBAO in Chinese 31 May 86 p 1

[Commentator's article: "Unhealthy Tendencies Are Not Inevitable Outcome of Reform and Opening Up"]

[Text] Style is the demonstration of ideology. The style of a communist is the demonstration of the communist ideology. However, as our party is growing up in a certain social environment it is inevitable that some cadres and members of the party may also be contaminated by various non-proletarian ideologies. In various stages of the party's history, different forms of unhealthy tendencies always existed inside the party. That is to say, the unhealthy tendencies did not appear only recently. Still less can we say that the unhealthy tendencies were brought about by reform and opening up. Even if we did not carry out reform and the policy of opening up, these or those kinds of unhealthy tendencies would still exist.

Of course, unhealthy tendencies have certain relations to reform and opening up. Reform offers all sorts of opportunities to make greater contributions. For people who are seriously contaminated by the decadent ideologies of the exploiting classes, they can take advantage of opportunities in the reforms to exploit other people's labor, to use their power in pursuit of selfish gains, and to amass ill-gotten wealth. Opening up can bring in some foreign capital and technologies so as to promote our economic development, but some evil factors may also be brought in from Western countries.

In addition, reform is a process of evolution. In this process, the vanishing old system is entwined with the growing new system, and there is certainly a period in which the old and the new coexist and interact on each other. Some errors are unavoidable in the reform process. The new system is not yet mature, and the old system will become weak and powerful alternately in its functions. This will thus give rise to a complicated situation and will leave many loopholes in the management. Some people may take advantage of these loopholes in the changing management system and indulge in irregular conduct in a big way.

However, we cannot say that the root cause of the irregularities lies in the reform and the opening up policy. Still less can we say that the irregularities are the inevitable results of reform and opening up.

For example, some people said that the fact that some party and government cadres are engaged in commercial business, is caused by reform and opening up under the influence of capitalism. This is not true. As another example, some people said that the connections networks in society are formed by reform and the opening up policy. This also is not true. In environment of a developed capitalist commodity economy, the capitalists refuse to have anything to do with all their relatives and friends. The connections networks in our country are brought about precisely by the economic foundation self-sufficient small production which is deeply tainted by the feudalist color in China. Therefore, the connections networks are not brought about by reform and the opening up can break these connection networks.

To sum up, the present new unhealthy tendencies are social phenomena that are brought about under the conditions where the commodity economy is not fully developed. So checking the unhealthy tendencies is precisely an important part of reform.

Our attitude toward unhealthy tendencies should be first, not to fear them, and second, not to let them spread unchecked. In order to check unhealthy tendencies, we should strengthen ideological education. However, it is not enough if we merely look for the sources of the unhealthy tendencies in the fields of ideology, morality, and ethical relations. People's ideology is determined by their social being; and the superstructure of a society is determined by its economic foundation. This is a basic principle of Marxism. Reform, opening up, and enlivening the economy will eliminate the vestiges of the natural economy and feudal ideology -- the soil on which unhealthy tendencies are engendered. If we further advance the reforms, let the new system dominate position as soon as possible, further develop the socialist commodity economy, and create an environment for fair competition, then no one will be able to use their power to seek selfish gains, or to give and take bribes through the connection networks, or to take advantage of the loopholes between the new and the old systems to gather ill-gotten wealth. Only thus can we thoroughly eliminate unhealthy tendencies.

#### XUE MUQIAO ON DEVELOPMENT OF ECONOMIC FORMS

HK090749 Beijing JINGJIXUE ZHOUBAO in Chinese 1 Jun 86 p 2

[Report by JINGJIXUE ZHOUBAO reporter Li Jing and ANHUI RIBAO reporter Song Hong: "Xue Muqiao on Development of Various Economic Forms"]

[Text] Prominent economist Xue Muqiao recently met leaders and scholars of Anhui Province, and discussed with them his view on the development strategy of microeconomics. He held that the province's commodity economy was backward. It should actively develop diversification of economic forms, particularly the collective economy and individual economy. The individual economy is at the preliminary stage of commodity economic development. But we must not always stay at this level. Rather, we must continue to develop other economic forms such as collective economy, cooperative economy, and combined economy. Proceeding from recent developments, in addition to developing the rural collective enterprises, the province should attach great importance to developing individual economy. As the state cannot undertake everything, we should carry out development through various channels, and the collective and individual economies are the two important ones. We should actively support the household industry, household commerce, and household transport and service industries.

There is nothing to be afraid of if someone hires individual laborers. Having many employed individual households not only helps the production of many products needed by society, but also solves the unemployment problem. Therefore, it has brought about good social benefits. On the hired laborers, we should judge them by the criterion of whether or not they bring benefits to the state and people. Where they bring about these benefits, we should support them and must not be afraid of the situation. However, we should check through economic means such as taxation, practices of excessively exploiting workers. Our past practice of exempting individual households from taxation tended to develop polarization. Once we have perfected our taxation work, we can mitigate the situation. Anhui should draw lessons from the experience not only of southern Jiangsu in this respect, but also of Wenzhou and other areas. The province should actively support the individual economy, develop the rural collective economy, and at the same time lead and encourage them to run cooperatives, economic combines, and other activities of a semi-socialist nature.

FOREIGN TRADE MINISTER VIEWS TRADE SITUATION

HK060643 Beijing BAN YUE TAN in Chinese No 10, 25 May 86 pp 1-15

["Minister Zheng Tuobin Answers BAN YUE TAN Reporter's Questions Concerning Foreign Trade"]

[Text] Recently, this BAN YUE TAN reporter interviewed Comrade Zheng Tuobin, minister of foreign economic relations and trade, on our country's foreign economic and trade work. He answered some questions about foreign trade that people are interested in.

Question: How was the situation in the development of our foreign trade in the period of the Sixth 5-Year Plan?

Answer: With the implementation of the principle of opening up to the outside world and enlivening the domestic economy, our foreign trade in the Sixth 5-Year Plan period achieved unprecedented development. This was mainly reflected in the following facts:

First, the total volume of imports and exports doubled. According to statistics of the Ministry of Foreign Economic Relations and Trade, the total volume of imports and exports in the Sixth 5-Year Plan period was \$229.4 billion, nearly twice as much as in the Fifth 5-Year Plan period. The volume of exports rose from 28th place to 18th place in the world. Second, there was a major change in the makeup of imported and exported goods. The proportions of heavy industrial goods and of light industrial goods and textiles in exports increased to 44 percent and 39.4 percent respectively. In the past, grain, cotton, and oil crops were imported in large quantities, but in recent years, the import of these goods decreased sharply. In 1985, the export of grain exceeded the import of grain, and 350,000 tons of cotton were exported. Third, the scale of technology imports further expanded. During the Sixth 5-Year plan period, we spent \$9.6 billion on importing technology. This figure increased by 69 percent over the Fifth 5-Year Plan period. This accelerated enterprises' technological transformation. Fourth, the balance of payments in foreign exchange improved. In the Sixth 5-Year Plan period, there was a general balance between import and export, and the trade surplus was \$800 million, against the \$3.8 billion trade deficit in the Fifth 5-Year Plan period. Fifth, economic results were steadily improved. Foreign trade increased state revenue. In the Sixth 5-Year Plan period, foreign trade added some 24 billion yuan to state revenue.

Question: How was the state of imports and exports in our country in 1985? How was the situation in the import of luxury consumer goods?

Answer: According to statistics of the Ministry of Foreign Economic Relations and Trade, the volume of exports in 1985 was \$28.5 billion, or 5.7 percent higher than in 1984; the volume of imports in 1985 was \$ 33.4 billion, or 31.8 percent higher than 1984. The trade deficit was \$7.6 billion.

The main facts regarding imports in 1985 are: The import of new technology, whole sets of equipment, advanced machinery, and instruments was valued at \$11 billion, or 110 percent more than in 1984. The import of industrial raw materials was \$16 billion, or 21 percent more than in 1984. The import of technology, equipment, and raw materials played an important role in supporting our domestic production and construction. In 1985, our country also imported \$4.96 billion worth of cars, motor cycles, television sets, washing machines, refrigerators, tape recorders, cameras, and other household electric appliances, accounting for 14.8 percent of the total import volume. The appropriate import of some motor vehicles and luxury consumer goods in a particular period can play a positive role in balancing supply and demand, activating markets, stabilizing prices, withdrawing currency, increasing revenue, raising people's living standards, facilitating transport in cities, and developing tourism. However, last year we were too reckless in importing motor vehicles and luxury consumer goods, and the import of these goods was excessive. The import of production lines for color TV sets, refrigerators, and washing machines was also too great. The main reasons for these problems were mainly: First, there were many loopholes in the management of foreign exchange, and the system for examining approving import plans was not sound enough. Second, we did not have timely information and could not adopt timely measures to cope with new situations. Third, our work was disrupted by various irregular practices, and some units even took advantage of loopholes to conduct speculative transactions. The state has adopted a series of measures to cope with these problems and has taken action to seriously handle the cases of speculation in imported goods and grafts.

Question: What are the main tasks in our future foreign trade work?

Answer: Opening up to the outside world is a basic national policy. We will continue to expand trade with various countries in the world on the principle of independence, equality, and mutual benefit. In light of the requirements of the Seventh 5-Year Plan, the volume of imports and exports in 1990 will increase to \$83 billion, or 40 percent higher than in 1985, and the average annual growth rate will be 7 percent, which is slightly higher than the growth rate of industrial and agricultural production during the Seventh 5-Year Plan period. Exports should increase by 47.3 percent over 1985, or by an average of 8 percent each year. China is a developing socialist country. For a fairly long time, our country will still be short of foreign exchange funds. Exports contribute over 80 percent of our foreign exchange income, so exports are the most important source of foreign exchange for us. The capacity for exporting goods to earn foreign exchange will determine the scale and degree of our opening up to the outside world and the speed of our socialist construction. Therefore, we must try by every possible means to increase exports and to raise our capacity for earning foreign exchange. This is also the main task for our present foreign trade work.

Question: What difficulties do we have in foreign trade work?

Answer: At present, the international market is mainly a buyer's market, while our domestic market is a seller's market. This situation has brought many difficulties to our efforts to expand exports. Now the biggest problem is the fall in the prices of primary products on the international market, especially the fall in the oil price. This will certainly affect our foreign exchange income this year. In addition, we also have some problems in our export work at home: First, with the development of domestic production and the enhancement of the people's living standards, demand in the domestic market is increasing, and this attracts more goods to the domestic market and will affect the export of goods. Meanwhile, supplies of raw materials and electricity are rather strained. Second, medium- and low-class goods account for a large proportion of the manufactured goods we export, and their competitive power is rather low on the international market. This situation will not be changed substantially for a fairly long period to come. Third, our transport capacity and harbor facilities cannot meet the four foreign trade needs. Railway transportation is always in a strained condition, and the loading and unloading of cargo in ports are often delayed to a serious degree. Fourth, the overall management of foreign trade is still rather weak and the management system is not sound enough. Sometimes, many domestic units compete with each other in exporting the same kinds of goods. In the first half of last year, because large quantities of "parallel goods" (goods entering the market through unofficial channels) poured into the Hong Kong and Macao markets, our foreign exchange income from exports to Hong Kong and Macao was seriously affected. The situation was brought under control later after the adoption of relevant measures to strengthen the management of exports. However, the effect of "parallel goods" on the Hong Kong and Macao markets remains an issue that we must pay serious attention to.

Question: What will we do in the handling of imports and in the introduction of advanced technologies?

Answer: While actively expanding exports, we will also seriously handle our import work of bringing in technology. Imports should be arranged in light of the actual needs in our country's production and construction and in light of our foreign exchange payment capacity, and the work of maintaining an overall balance should be strengthened. We must practice careful calculation and strict budgeting when planning the use of foreign exchange for importing goods. We should selectively import the applicable advanced technologies and key equipment so as to enhance our capacity for self-reliance in exporting goods and earning foreign exchange. The plans for importing technologies in various trades should be well-coordinated, and overall guidance should be strengthened so as to ensure that advanced technologies are imported in a planned and well-organized way and that blind and duplicated imports can be avoided. It is necessary to make efforts to digest and assimilate the imported new technologies and thus to develop these technologies. This will effectively promote our country's technological progress. In the arrangement of imports, priority will be given to the import of key raw materials which are in great need and short supply. The import of ordinary raw materials should be controlled at an appropriate level. We will rely mainly on developing our domestic production in order to meet these needs, and will gradually reduce imports of these items so as to save our foreign exchange. Consumer goods on the market will mainly rely on supplies from domestic manufacturers. Imports can only be a supplementary means.

Question: Can you talk about our country's main policies and measures for developing exports?

Answer: The key to the development of our foreign trade lies in the development of exports. In order to fulfill the export tasks this year and in the Seventh 5-Year Plan period, we will continue to carry out the policy of reform, opening up, and enlivening the domestic economy, and will make efforts to improve our foreign trade work. The main policies and measures we have adopted include the following points:

First, this year, we will actively and steadily promote the reform of the foreign trade system according to the principle of consolidating, digesting, replenishing, and improving our reform measures. Second, we will give political glory and economic benefit to enterprises which produce export goods so as to change the situation in which "export is not as profitable as selling goods on domestic markets." Third, we will step up the building of some export-oriented production systems. In light of the characteristics of the production of mechanical and electrical products, light industrial and textile products, and farm and sideline products, we will build special production bases and plants to meet the needs of international markets in the aspects of design, processing, packing, and delivery, and will do our best to adapt them to the ever-changing needs of international markets by ensuring product quality and raising the competitiveness of our products. Fourth, we will make greater efforts to strengthen our marketing work for our export commodities. Foreign trade enterprises will make efforts to improve their business style, improve their services, strengthen investigations and studies, and in quick access to information about international markets.

#### LOAN PRIORITY GIVEN TO EXPORT-ORIENTED PRODUCTS

OW091308 Beijing XINHUA in English 1231 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- About 75 to 80 percent of the new foreign currency loans of the Bank of China in 1986 should be directed to projects which can bring in foreign exchange earnings -- as against 57 percent last year -- according to Wang Deyan, president of the bank.

Most of the loans will be used for the technical transformation of enterprises producing for export, and priority will be given to the key enterprises and to the adjustment of the investment structure of these enterprises, Wang told a national meeting of the local branch heads of the bank, which opened today.

As for Sino-foreign joint ventures and cooperative enterprises and those with sole foreign investment applying for loans from the Bank of China, priority will be given to the technology-intensive and export-oriented ones that are able to strike a balance between expenditure and income in foreign exchange, Wang pointed out.

In providing loans for circulating funds, the bank will give priority to the purchase of export goods with promising sales prospects. The proportion of such loans for foreign trade enterprises in the total amount will be raised to more than 90 percent from the previous 88.5 percent.

The bank will stop providing loans for the purchase of commodities that cannot be exported, and for those enterprises with bad economic returns and those that use circulating funds for fixed-asset investment.

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BANK OF CHINA ATTRACTS 'BIG SAVINGS' IN 1986

OW091010 Beijing XINHUA in English 0944 GMT 9 Jun 86

[Text] Beijing, June 9 (XINHUA) -- The Bank of China has attracted big savings to its new foreign exchange and renminbi (Chinese currency) account services over the past several months, a bank official said today.

The amount of savings in foreign currency by the end of April this year was 25.7 percent higher than that at the end of 1985, while renminbi savings rose by 12.9 percent, said the official, who did not release the actual cash figures.

A foreign currency savings service was first offered to Chinese citizens by the Bank of China -- the state's specialized foreign exchange bank -- in 1984.

Now two other state banks, the Industrial and Commercial Bank and the Agricultural Bank, are also offering the service in China's special economic zones.

Last year, the Bank of China was given permission to attract urban renminbi savings. This service used to be offered exclusively by the industrial and commercial bank.

'MAJOR REFORM' IN PLA MILITARY COMMAND ACADEMIES

HK100644 Hong Kong ZHONGGUO XINWEN SHE in Chinese 0349 GMT 10 Jun 86

[Report: "Major Reform Will Be Made in the PLA's Military Command Academies"]

[Text] Beijing, 10 Jun (ZHONGGUO XINWEN SHE) -- How can a young soldier be promoted to the post of Army Commander? JIEFANGJUN BAO says that he must receive the regular training at junior, middle, and higher military command academies and some courses of short-term training and thus complete the training for his lifelong career as a command officer.

The 3-level training system for command officers will soon be implemented for Chinese troops. This will be a major reform that will have profound and far-reaching repercussions on formulating the strategy for the development of the training of PLA personnel, changing the knowledge structure of PLA command officers, and intensifying PLA modernization.

The basic characteristics of the 3-level training system that will soon be implemented for command officers are: The junior, middle, and higher command academies respectively train static platoon commanders, coordinated static commanders, and battle commanders. The division of labor among the three levels of military academies is clear. Each has its focus of work and is dovetailed to the others, and the training deepens level by level. Among them, the junior command academies recruit students from among local senior middle school graduates and from among fine squad leaders of senior middle school educational level to train platoon command officers. They focus on providing basic military, political, and cultural education. The middle command academies recruit students from among officers at battalion level who have received education from junior command academies and provide them advanced professional education. Senior command academies recruit students from among officers at and above division level who have received education from middle command academy and provide them with comprehensive education of a higher level.

As a result, before an officer takes a post at a higher level, he must have necessary professional knowledge and learn the new knowledge related to it. This will make his knowledge adequate for his post.

In order to implement the 3-level training system, the PLA's military command academies will start training in a planned manner, by stages, and in groups of junior command officers to improve their competence. They will gradually shorten the courses at middle and higher command academies and readjust and reform the syllabus of the command academies at all levels. Gradually, the higher the level, the shorter the courses. The more specialized the teaching materials, the smaller the scale of the academies will become. So, an officer will gain new knowledge every time he studies at an academy.

#### MINISTRIES URGE BETTER JOBS FOR VETERANS

OW091956 Beijing XINHUA Domestic Service in Chinese 1157 GMT 9 Jun 86

[Text] Beijing, 9 Jun (XINHUA) -- The Ministry of Civil Affairs, the General Political Department, the Ministry of Finance, the General Political Department, the Ministry of Finance, the Ministry of Commerce, the Ministry of Agriculture, Animal Husbandry and Fisheries, the State Administration for Industry and Commerce, and the Agricultural Bank of China recently issued a joint circular calling on government departments at all levels to seriously implement the guidelines of the documents of the State Council and the Central Military Commission on employing Army veterans who have civilian job skills and to definitely improve the employment of such Army veterans.

The circular points out: To actively do a good work in hiring Army veterans with civilian job skills will not just ensure proper placement for the Army veterans. More importantly, the employment will enable the large number of Army veterans to use what they have learned and give play to their wisdom and talents to make direct contribution to accomplishing the party's general tasks. To date, some 650,000 Army veterans with civilian job skills have been hired in various localities. A very large number of such Army veterans still await proper placement. With the PLA furthering its efforts to give servicemen civilian job skill training, several hundred thousand servicemen with civilian job skills will be discharged and will return to various localities each year in the future. They will be an important source of qualified personnel for invigorating the urban and rural economy.

The circular demands: The civil affairs departments and the People's Armed Forces departments should serve as advisers to local leaders and work in coordination with other departments concerned to formulate local plans for employing Army veterans with civilian job skills. Tax departments should remit or reduce for a certain period the tax burdens of some industrial, business, transport, building industry, and service trade firms run individually or collectively by Army veterans, if they petition for the remittance or reduction because of difficulties. Commerce and grain departments and supply and marketing cooperatives should help the Army veterans who have civilian job skills open up more avenues of production and develop commodity production or processing industry. Agricultural, animal husbandry, and village and town enterprise management departments should provide technical guidance to Army veterans in crop cultivation and livestock breeding and help them breed poultry and livestock and prevent and treat animal disease.

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The administration of industry and commerce should provide conveniences for self-employed Army veterans, process their industrial or commercial registration applications, issue them business licences promptly according to regulations, and actively help them develop tertiary industry. Agricultural banks should actively support Army veterans in agricultural and sideline production by extending loans to them according to current loan policy and requirements. More favorable consideration should be given to an Army veteran than to a non-veteran, if they both meet the other requirements.

COMPUTER TO READ CHINESE CHARACTERS DEVELOPED

OW100619 Beijing XINHUA in English 0609 GMT 10 Jun 86

[Text] Harbin, June 10 (XINHUA) -- China has developed a computer system that can read handwritten Chinese characters, officials here said today.

The system, invented at Harbin Engineering University in northeast China, reads the characters from a special pen and pad set and displays them on a monitor in standard character type. Once displayed, they can be edited on the pad without a keyboard. The Harbin officials said the system can read 3,755 commonly used, handwritten characters with 95 percent accuracy.

At the same time, they said, the university has also developed a computer system which can read printed Chinese characters sent to it by facsimile transmission.

SCIENTIST ON ARTIFICIAL INSEMINATION PROGRAM

HK100506 Hong Kong AFP in English 0419 GMT 10 Jun 86

[By Bernard Degioanni]

[Text] Qingdao, China, June 10 (AFP) -- Despite its billion-plus population, China is pursuing research into artificial insemination for childless couples who long for a baby of their own.

Scientists at the largest of the country's four sperm banks, in eastern Qingdao, said that stringent selection of donors was exercised to ensure that babies born from artificial insemination would be physically and mentally healthy.

Donors must be married, under 40, have a high intelligence quotient (IQ) and have completed at least secondary education. There must be no sign of hereditary illness in their families up to two generations back.

Only married women who have not had children can be inseminated, and they must have the agreement of their husbands. Anonymity is guaranteed, and no official document states that the child was born after artifical insemination.

The sperm bank's director, Dong Junyou, said that China, which officially is promoting smaller families, created its first sperm bank in 1984 to respond to the needs of society.

"Certainly our country gives the image of overpopulation, but China also has its sterile couples and we can help them have children," Mr. Dong said.

Researchers were hoping to achieve China's first test-tube baby in two to three years, Mr. Dong told AGENCE FRANCE-PRESSE.

"The possibility of having a Chinese test tube baby is not essential to our society. But medically this could prove to foreign scientists that we have mastered the latest technology," he said.

The first Chinese baby conceived through artificial insemination was born less than a year ago.

"We must wait until he is five to know if our selection process has been successful," said Mr. Dong, 63, who directs a team of two doctors and three nurses at Qindao's central hospital.

"In less than two years, we have artificially inseminated 255 women: 137 received unfrozen sperm and 118, frozen sperm. Of the total, 69 were successful pregnancies. This is a relatively satisfying future," Mr. Dong said.

Unfortunately, he said, the sperm bank had trouble finding donors. "In China, those who are capable of procreating want to have their own children," he remarked.

Most donors, he indicated came from young married men who, for professional reasons, live away from their wives for years. Each donor receives 12 yuan (3.8 dollars).

The operation costs 50 yuan (16 dollars), or half the average monthly salary of a Chinese worker. Researchers were trying to ensure the highest-quality sperm for artificial insemination, containing 60 million spermatozoa per cubic millimeter of sperm, with higher than 60 per cent mobility, Mr. Dong said.

"It is the percentage of fertilization that we want to improve," he stressed, adding that children born from such sperm were more likely to be physically and mentally healthy.

"I am convinced we will be able to speed up our rate of success with selection based on scientific data. But for this our patients must agree to stay at least three months in our hospital after insemination," he said. However, he said, the women tend to "leave as soon as they can out of fear that someone might learn that the pregnancy resulted from artificial insemination."

Work is also under way at the Qingdao sperm bank on improved techniques for keeping frozen sperm alive. Next month scientists expect to find out if they have succeeded in decreasing freezing time to 10 minutes from the current 60 minutes and if they have been able to keep more than 10 per cent of the frozen sperm alive, Mr. Dong said.

Three months ago the sperm bank developed a chemical substance that allows rapid freezing, after depending up to now on a substance imported from the United States.

Mr. Dong dismissed the possibility of genetic manipulations intended to produce intelligent babies. "Theoretically, certainly, the scientific world could manage to give the world little geniuses. But all the descendants of the Nobel Prize winners will never be superintelligent," he said.

In 1981 China, which had more than 10 million people with hereditary diseases or congenital mental deficiencies, considered adopting a law on eugenics but quickly abandoned the idea without stating why.

HEBEI SECRETARY ATTENDS MILITARY SECRETARIES MEETING

SK081332 Shijiazhuang HEBEI RIBAO in Chinese 24 May 86 p 1

[Text] On 18 May, at a joint meeting of secretaries of the party committees of the military subdistricts, garrison commands, and some People's Armed Forces departments sponsored by the provincial Military District, Xing Chongzhi, secretary of the provincial CPC Committee, called for conscientiously implementing the important instructions given by Comrade Hu Yaobang in his inspection tour to the Taihangshan area, mastering two great skills, and scaling new heights.

In his speech, Comrade Xing Zhongzhi fully affirmed the achievements made by the provincial Military District. He said: Since the new leading bodies were organized, the provincial Military District has better accomplished the two great tasks of transferring People's Armed Forces departments to the local organizational system and organizing and building leading bodies at the division level, and has also made achievements in other fields. Thus, a good situation in the work of the People's Armed Forces departments has emerged.

Comrade Xing Chongzhi said: In order to better fulfill the tasks assigned by the CPC Central Committee and the Central Military Commission and to create a new situation in our work, we should learn to creatively implement the instructions of the CPC Central Committee and to correctly handle the contradictions within the party. The four basic reasons for which Comrade Yaobang called on leading party cadres at all levels to master two great skills are as follows: First, meet the demands of the development of the current situation. Second, meet the demands set forth in the historical task whereby the work done during the Seventh 5-Year Plan period should be better than that done during the Sixth 5-Year Plan period. Third, meet the demands of upgrading the quality of leading bodies at all levels. Fourth, never disappoint the ardent expectations placed on the leaders at all levels by the people.

The important instructions given by Comrade Yaobang were a great synopsis of our party's historical experiences and reflected the objective demands for the leading cadres at all levels in the current political and economic situation. These two great skills are the basic skills that each and every revolutionary cadre should possess in order to engage in revolutionary and construction causes.

While talking about the issue concerning creatively implementing the instructions of the central authorities, Comrade Xing Chongzhi pointed out: In accordance with what Comrade Yaobang said, there were three basic demands for the work of creatively implementing the instructions of the central authorities. The first demand was the most important of the three; that is, we should handle affairs in accordance with the actual conditions and strengthen investigation and studies.

While talking about the issue of how to correctly analyze and handle the contradictions within the party, he said that such contradictions as practical and ideological contradictions and the contradictions between the interests of the individuals and the interests of the party and the people occurred often. Therefore, we must correctly analyze and handle these contradictions. If we fail to correctly analyze or do well in handling these contradictions, it will be impossible for us to consolidate and develop a situation characterized by stability and unity.

Mastering these two great skills is not empty talk. First of all, we must do well in implementing the Seventh 5-Year Plan. The People's Armed Forces departments should achieve the construction of the People's Armed Forces and Defense Reserve Forces and the work in all fields.

He urged the leading bodies of all military subdistricts and the People's Armed Forces departments to grasp the following tasks: First, they should scale new heights in their work, further educate and train militiamen, and fully implement the role of militiamen in the two civilizations. Second, they should scale new heights in maintaining unity and correctly handle the three factors affecting the unity work, such as the baneful influence of factionalism left over by the "Great Cultural Revolution." They should draw a clear distinction between achievements and mistakes. They should neither strive for merits nor put the blame on others. They should solicit opinions from the masses when they have problems. Regarding problems with which they hold different opinions, they are allowed to set them aside for the moment and to solve them later. Third, they should scale new heights in their studies, conscientiously study Marxism-Leninism-Mao Zedong Thought, and pay special attention to the study of the basic ideas and theories of Marxism-Leninism-Mao Zedong Thought. Fourth, they should scale new heights in their work style, go deep into reality to conduct investigations and studies, carry out reform bravely and in the spirit of doing pioneering work; and inherit and carry forward the fine traditions of the party.

He said: The work style of the provincial Military District is good. Thus, the new leading bodies of the provincial Military District should make persistent efforts to pioneer the road of progress in order to make the units under the provincial Military District stand, as always, in the forefront of the two civilizations and to make greater contributions to rejuvenating Hebei.

#### SHANXI: LI LIGONG SPEAKS ON PARTY RECTIFICATION ISSUES

HK070257 Taiyuan Shanxi Provincial Service in Mandarin 2200 GMT 6 Jun 86

[Summary from poor reception] The provincial CPC Committee recently convened a conference on party rectification to make arrangements for this work in the townships and review county-level rectification. Provincial CPC Committee Secretary Li Ligong made a speech. He said: "The provincial CPC Committee holds that, generally speaking, party rectification has been done well in the province and has solved many problems." There has been a turn for the better in those units that have undergone readjustment, and work has improved there. On rectification in the townships, Li Ligong said: "Rectification must guarantee and spur reform. Rural reforms are a major task. Through party rectification, we should bring into further play [words indistinct]. We must pay great attention to grasping the policies." It is essential to focus on key points and make great efforts to straighten out party style. "We must solve the problems of serious abuse of power and violations of law and discipline by leading party-member cadres." Comrade Li Ligong demanded that all localities and departments pay attention to consolidating the fruits of party rectification and rule the party with strictness.

During the meeting Vice Governor Feng Zhimao conveyed the spirit of the north China forum of provincial and municipal CPC Committee secretaries on party rectification. "Sun Ping, leader of the investigation group of the Central Commission for Guiding Party Rectification, and Zhang Changzhen, member of the Standing Committee of the provincial CPC Committee, spoke on consolidating the fruits of county-level party rectification and making arrangements for rectification at township level."

HEILONGJIANG'S SUN WEIBEN ADDRESSES POLITICAL WORK

SK080333 Harbin Heilongjiang Provincial Service in Mandarin 0900 GMT 7 Jun 86

[Text] The provincial conference of directors of propaganda departments was held in Harbin City on 5 June. Sun Weiben, secretary of the provincial CPC Committee, and Chen Yunlin, deputy secretary of the provincial CPC Committee, delivered speeches respectively entitled 'Party Organizations at All Levels Should Conscientiously Strengthen Ideological And Political Work" and "We Should Make Ideological and political Work Better Serve Economic Construction."

Comrade Sun Weiben said: At present, our country is in the historical period when the old systems are being replaced by new ones. The reform that we are carrying out is an overall developmental project involving all of society. Therefore, reform can produce an impact on the overall economic, political, and cultural development of the society as well as the people's ideology, livelihood, and psychology. It will be impossible to ensure smooth progress in reform and it is difficult to consolidate the achievements in reform if we do not conduct ideological and political work among the people to make them change their ideas and ideologically suit the demands of reform.

Comrade Sun Weiben said: Viewing the current situation of the province, I have come to realize that it is imperative to effectively and conscientiously strengthen ideological and political work in order to further deeply carry out economic restructuring, to further promote the development of production and construction, and to strive for realizing a fundamental turn for the better in party style and social conduct. Thus we must organize the cadres and people throughout the province to conscientiously study the guidelines of the Fourth Session of the Sixth NPC and Premier Zhao Ziyang's report, to relay and implement the fourth session of the sixth provincial People's Congress, and to consciously grasp the important tasks for this year's ideological and political work so as to provide powerful spiritual strength and ideological and political guarantees for implementing the Seventh 5-Year Plan. Through strengthening ideological and political work and spiritual civilization, we should take the initiative to open up new productive forces and to set up and perfect new economic systems.

Comrade Sun Weiben said: Here I want to emphatically point out the fact that ideological and political work is the lifeblood of economic work and work in other fields.

He continued: After the party shifted its focus of work onto the development of social productive forces and economic construction, some comrades who were afraid of making leftist mistakes dared not to utter Comrade Mao Zedong's idea that political work is the lifeblood of all economic work. In reality, this is a misunderstanding. The resolution adopted at the 6th Plenary Session of the 11th CPC Central Committee has affirmed this idea. This is because this idea can have a great impact on our practical lives and vividly depicts the position and a functions of ideological and political work in economic construction. Ideological and political work is significant in giving general guidance to the current reform and the four modernizations.

Comrade Sun Weiben emphatically pointed out: Creating favorable social conditions is an important factor for strengthening and improving the party's leadership over ideological and political work.

The reform that we are carrying out is another important social task following the socialist [words indistinct] of private ownership of the means of production. Building socialism with Chinese characteristics in the course of reform is an unprecedentedly great, creative work. Thus, we must objectively create a relaxed social environment and atmosphere to encourage and protect theoretical workers, literary and art workers, and the people on other fronts to do creative work, to permit them to express different ideas and opinions, and to allow them to make mistakes in the course of studies and explorations. Only when we create a relaxed environment and atmosphere can the people bring into full play their creativity and initiative, can we pool the wisdom and forces of the people for the creative causes of reform and construction, can reform be developed smoothly, and can all of our undertakings be vigorously developed.

With regard to the issue on how to safeguard and strengthen the authority of the departments in charge of ideological and political work, Comrade Sun Weiben said: First, we must grasp party style in order to realize a fundamental turn for the better in party style as soon as possible. Second, the comrades engaged in the ideological and political work should strive to upgrade their political understanding and professional ability and correctly and effectively carry out their work in order to enjoy the confidence of the party and the masses. Third, we should carry out ideological and political work down to the grass roots and strengthen the building of the ranks of political workers among the grass roots. Fourth, party committees at all levels should further strengthen their leadership over propaganda work.

In his speech Comrade Chen Yunlin pointed out: Making ideological and political work serve economic construction is the demand of reform and the development of production. So we must persistently grasp the two civilizations, combine ideological and political work with the implementation of the principle of socialist material benefits, persistently link ideological and political work with the solution of practical problems, and systematically set up a network of conducting ideological and political work in order to tackle problems in a comprehensive manner. He urged the vast number of cadres in charge of political work to study hard, to investigate and study grass-roots areas, and to pay attention to summing up new experiences in ideological and political work.

#### LIAONING: DALIAN ZONE TO DEVELOP HIGH TECHNOLOGY INDUSTRY

OW021632 Beijing XINHUA in English 1523 GMT 2 Jun 86

[Excerpts] Shenyang, June 2 (XINHUA) -- Enterprises in the Dalian Economic and Technical Development Zone should concentrate on making high-technology goods for export, officials of the Liaoning provincial government decided here today. Dalian, in northeast China, is one of 14 coastal cities open to overseas investors. To boost development inside the zone, the provincial government has offered 20 million yuan to enterprises in 13 Liaoning cities to build plants in the zone. Sixty plants are expected under the program, Quan said. The Dalian development zone is 33 kilometers from downtown Dalian. Its industrial park and accompanying facilities cover 20 square kilometers. Since it opened in October 1984, 136 firms have signed contracts worth nearly 240 million yuan to participate in the zone. Among them are 11 Sino-foreign joint ventures, involving 21.1 million U.S. dollars.

So far only 14 enterprises have begun building facilities here, although 20 factories -- making watches, construction materials, plastic products, fur garments, and consumer goods -- are expected to go into production later this year. Three of the 20 are joint ventures with Japan, the United States and Hong Kong.

I. 10 Jun 86

C H I N A  
TAIWAN

V 1

FOREIGN MINISTRY ASKS ARGENTINA FOR COMPENSATION

OW091054 Taipei CNA in English 1023 GMT 9 Jun 86

[Text] Taipei, June 9 (CNA) -- The Ministry of Foreign Affairs has lodged a formal protest and is demanding compensation from Argentina for its attack on a fishing trawler from the Republic of China on Tiawan that left one crewman dead, one missing, six others injured and the vessel at the bottom of the sea.

Foreign Minister Chu Fu-sung said Monday that his ministry lodged the protest and demanded that Argentina adhere to international law and practice and to existing agreements between the two countries.

Reporting on the "Chiann Der No. 3" incident to the Foreign Affairs Committee of the Legislative Yuan, Minister Chu said that, although the Argentine Navy had warned the trawler before firing, the attack was unjustified, as any attack on an unarmed fishing boat on high seas is unhuman under any circumstances.

Answering an interpellation from Legislator Chung Jung-chi, Chu said the intervention of Peiping in this incident was another of communist regime's united front ploys against the Republic of China. Chu said the Peiping regime has redoubled its efforts against the ROC recently by setting up a "Taiwan office" under its "Foreign Ministry." He said his ministry is monitoring the situation closely to guard against any adverse effect the establishment of the office might bring to the nation.

He said the government has lodged a formal protest with Argentina through appropriate channels over the incident and has asked the Argentine Government to see to it that no similar incident takes place in the future. The government is also asking for proper compensation from Argentina for the fisherman, Chu said.

EDITORIAL OUTLINES COUNTERMEASURES FOR PRC DISINFORMATION

OW100624 Taipei CHINA POST in English 5 Jun 86 p 4

[Editorial: "To Counter Peking's Disinformation Campaign"]

[Text] The Central Standing Committee of the ruling Kuomintang recently stressed that the Republic of China's "three no" policy -- no contact, no negotiation, and no compromise -- with the Chinese Communist regime shall not change. The committee made the declaration after a thorough analysis of the China Airlines cargo plane incident. It noted that the event was an unusual and isolated aviation incident and that CAL's efforts to return the plane and its crew were made out of humanitarian considerations and did not violate the ROC's basic national policy.

The committee rightly pointed out that, after this incident, the Peking regime will certainly launch an incessant propaganda campaign aimed at creating the impression that negotiations and contacts have begun between Taipei and Peking. That is an old communist trick, and the ROC Government knows it well enough not to be fooled. But that trick may work with foreigners unaware of the situation here and with young Chinese not old enough to have experienced the loss of the Chinese mainland.

Peking's peace overtures are a euphemism for war. They are aimed at undermining the morale of the people on Taiwan and at driving a wedge between the ROC and its friends and allies. The ROC Government's "three no" policy is correct and in fact extremely important.

But in light of the communist disinformation war, the ROC must think up effective countermeasures to thwart the plot. Toward this end, we suggest that the government take the following steps:

-- Continue to promote economic development but, meanwhile, develop social welfare measures and further narrow the gap between the rich and poor. A good life for all the citizens and equitable distribution of wealth are the most effective antidote against communist disinformation. The economic systems also provide a sharp contrast of the two sides of the Taiwan Strait and prove the superiority of free enterprise.

-- Step up the preservation and promotion of traditional Chinese culture. This will give more credibility, in the eyes of overseas and mainland Chinese, to the claim that Taiwan is where orthodox Chinese culture exists and remains vigorous.

-- Intensify communication with the people on the mainland through various channels to inform them of the good life, personal freedom, and existence of orthodox Chinese culture on Taiwan.

These messages, if communicated to those on the mainland in an earnest and down-to-earth tone, will contribute tremendously to winning the hearts and minds of the one billion mainland Chinese, including even Chinese Communist cadres. Truth is the best weapon against communist propaganda. To defeat the Peking regime's united front plot, we only need to disseminate the truth.

#### NUCLEAR PLANT FIRE CAUSED BY FAULTY U.S. DESIGN

OW100355 Taipei CNA in English 0309 GMT 10 Jun 86

[Text] Taipei, June 9 (CNA) -- An investigation has shown that the U.S. General Electric Corp's faulty design, not the Taiwan Power Company's maintenance, caused the fire at the third nuclear-power plant last June, Taipower Chairman Fu Tzu-han said Monday.

Taipower and GE were cooperative and coordinated in undertaking repair of the damaged generator, completing it in April. Commercial operations at the plant will resume after successful completion of test runs, he said, reporting at a budget screening meeting of the Legislative Yuan.

During the period, Taipower also worked with GE and the MPR Consulting Company of the United States to investigate the cause, and results show the design was faulty and GE should be responsible for the fire, he said.

GE will shoulder the costs for all equipment replaced and Taipower paid about NT dlrs 130 million (about US dollars 3.25 million) for the repair of other facilities. But they have not discussed the compensation for the operating losses, amounting to NT dlrs 11 million daily, as the repaired generator is still being tested, he said.

I. 10 Jun 86

CHINA  
HONG KONG MEDIA ON CHINA

W 1

JIEFANGJUN BAO CONFIRMS RECENT PRC NAVAL EXERCISE

HK100118 Hong Kong WEN WEI PO in Chinese 10 Jun 86 p 2

[Dispatch from Correspondent Cheng Hsiang: "Beijing Paper Reports on Major Naval Exercise"]

[Text] Beijing, 9 Jun -- Today's JIEFANGJUN BAO confirms that China's Navy staged its first long-range exercise in the western Pacific during the middle and last 10 days of May.

According to JIEFANGJUN BAO, the exercise included several dozen naval coordinated combat maneuvers and covered several thousand nautical miles. The exercise strengthened the concept of coordination of the commanders of the various branches and types of vessels involved. They acquired better knowledge of how to command in coordinated naval combat. The exercise improved the Navy's capability to react quickly and to fight as a body at long range. The exercise also tested the units' wartime communications security, ship maintenance, equipment and facilities, and political work and so on.

According to JIEFANGJUN BAO, a major purpose of this exercise was to test the assembly of crack units from various units and anchorages to deal with an enemy force as soon as it is sighted. Therefore, the ships and aircraft which took part in this exercise still come at normal times under the leadership of their original organizations and are scattered around at their original bases. They promptly arrive when summoned for the exercise and are placed under the unified leadership of the task force.

JIEFANGJUN BAO points out that the exercise was designed to meet the requirements of the characteristics of future naval warfare. "To avoid being passive and vulnerable to attack in future naval warfare, it is essential to explore new ways of carrying out coordinated naval training."

CHENG MING ANALYZES 'GOLDEN ROOSTER AWARDS' CONTROVERSY

HK090709 Hong Kong CHENG MING in Chinese No 104, 1 Jun 86 pp 11-13

[Article by special correspondent Hsiao Chung "The Secretariat of the CPC Central Committee Hacks the Golden Rooster Movie Awards"]

[Text] The date for presenting the annual "Golden Rooster Movie Awards" has passed but the "golden rooster" has so far failed to "crow." Some people say that this year's "Golden Rooster Awards" ceremony has miscarried and has been closed down. Others say that the ceremony is not to be held until this autumn. There are so many contradictory views that is difficult to decide which is right. Still others say that the work of choosing winners for this year's "Golden Rooster Awards" presentation had already been completed in early April but was "hacked" by the secretariat of the CPC Central Committee. I am afraid that it will be unable to revive the presentation of the "Golden Rooster Awards."

In mid-April word was circulating in Beijing that something had gone wrong with the "Golden Rooster Awards." In Hong Kong people said: the "Golden Rooster" has been "castrated." But no one managed to grasp the main points, still less the essentials, of the real situation.

**The Central Secretariat Launches an Attack**

I posed this question to a friend in Beijing movie circles: "While the 'Ma Ding incident' and 'Liu Zaifu incident' can be rapidly solved, why, on the contrary, has the annual 'Golden Rooster Awards' presentation developed past the point of no return?"

My friend said: "To be frank with you, we have been told not to disclose the matter to the press. Nevertheless, it has leaked out bit by bit, thus becoming an open secret in the movie community. The domestic media just dared not cover the story."

"Why so?" I asked.

"The 'Golden Rooster Awards' incident is different from the 'Ma Ding incident.' As Zhu Houze said, it was imperative to be prudent in criticizing academic issues, and this attitude was also applicable to the literature and art community. However, besides them (referring to Hu Quaomu and Deng Liqun), Hu Qili, Wan Li, and others from the secretariat also meddled in the current incident of selecting movie winners for the 'Golden Rooster Awards.' This has made things difficult to handle. Hence, here lies the problem," my friend said, helpless to explain.

"Has Zhu Houze made his position known then?" I went on to ask.

"Yes, he has done so," said my friend, "but he has less power than the secretariat. He only promised to act as a mediator and to let the central authorities know the opinions of the Chinese Film Artists Association and the movie selection committee. He is amicable."

The "Golden Rooster Movie Awards" is a Chinese Oscar-equivalent. The prize-winning films reflect the actual level and development orientation of Chinese films. Therefore, they have always attracted the attention of mainland movie circles.

**Selection Committee Members Left Beijing After Completing the List of Winners**

This year's "Golden Rooster Awards" presentation is the sixth of its kind since selection methods have been reformed. The selection committee is composed of 25 persons, with Xie Jin as director. New members have been added to the committee. They are Wu Tianming, Hu Bingliu, Chen Jialin, Lu Xiaoya, Pang Hong, and Xu Haishan. Eleven of the country's film studios sent 20 films to the selection committee, which began work on 22 March. On 9 April, Shanghai's XINMIN WANBAO was the first to cover the selection activities, predicting that the winner of this year's "Golden Rooster Award" for the best feature film would be "Wild Mountains" produced by the Xian Film Studio, and the best actor and actress would be Liu Zifeng and Yue Hong. It was confirmed later that the Xian Film Studio's "Wild Mountains" (adapted from Jia Pingao's novel entitled "The Chicken-Breeding Family and directed by Yan Xueshu), "Black Cannon," (based on the novel of the same name by Zhang Xianliang, rearranged by Li Wei, and directed by Huang Jianxin) and Zhujiang Film Studio's "Last Masterpiece" (adapted from the novel of the same name by Kong Jiesheng and directed by Zhang Zeming) respectively won major awards. (Of these "Wild Mountains" and "Last Masterpiece" were shown at the Hong Kong International Film Festival in early April. It was decided that the former would be shown on the Nanyang-Nanhua cinema chain in the near future -- editor).

Of the three, "Wild Mountains" attracted the most attention from people, winning five awards, including best movie, script, director, actress (Yue Hong), and dubbing. "Black Cannon" won the best actor award (Liu Zifeng), and "Last Masterpiece" won the best cinematography award.

After the selections were completed and the list of winners was sent to the higher authorities, selection committee members left Beijing. However, they never expected that the selection results would be negated by the CPC Central Committee and that some people would have suggested a re-evaluation.

#### The Central Authorities Are Inclined To Straighten Things Out in the Movie Industry

Why should the central authorities negate the list of winners selected by the industry experts? I was given some background information that can be traced back to last year.

Organizations engaged in the movie industry have always been administered by the Ministry of Culture. In recent years, they have been continuously dominated by Chen Huangmei and his followers. Under the rule, bureaucratic practices can be found almost everywhere in the movie industry, and new rising forces are suppressed. This has long aroused dissatisfaction among young and middle-aged directors, actors and actresses, and other new generation production personnel.

At the beginning of last year, following the meeting of the Chinese Writers Association, the Chinese Film Artists Association also held a meeting where young and middle-aged film artists staged "a coup" and boycotted the older members, thus seizing a certain amount of power from them. This attributes to the reform in the this year's presentation of the two movie awards ["Golden Rooster" and "Hundred Flowers"] and the promotion of new people to the movie selection committee. (In the past, the selection committee has been under control of old people who allowed no change in the committee's membership).

On the other hand, the tendency to commercialize movies last year was getting serious. In particular, some movies with nude scenes were shown at the French Film Festival. This aroused dissatisfaction and created trouble among the people concerned. Some people lodged complaints about this matter with leaders at the central level, including Deng Yingchao, thus arousing dissatisfaction among them. For this reason, at the end of last year, Hu Yaobang himself presided over a meeting accusing the Ministry of Culture of being derelict in its duty. Subsequently, Chen Huangmei and Shi Fangyu, who were in charge of the movie industry, were punished.

It is said that the social benefit and economic results of last year's movies were poor, and rejected movies hit a record high. Leaders of the movie community have aroused discontent from top of the central authorities to straighten things out in the movie industry.

At the end of last year, the Beijing Film Studio completed the shooting of "Fascinating Music Bands," a new film depicting rural reforms. The central authorities felt satisfied with it right away and regarded it as a reform model in the movie world. The central reformers and conservatives reached a consensus on this issue.

On the evening of 11 January this year, Hu Qiaomu, Hu Qili, Deng Liqun, Wang Zhaoguo, Bo Yibo, Rong Gaotang, Zhu Houze, and principal leading comrades of the cultural and press departments saw "Fascinating Music Band" in the Zhongnanhai Auditorium and then held a forum on the film. At the forum Hu Qili said: "It is imperative to combine social benefits and economic results, and to take 'Fascinating Music Band' as a breakthrough point in this work. Efforts should also be made to work out a set of effective regulations and to do a solid job in straightening things out in the various sectors of the movie industry."

Hu Qiaomu also spoke at the meeting. He said: Films like "Fascinating Music Band" are highly commendable. They are like a fresh spring wind blowing in the direction of audiences throughout the country. He stressed that the departments concerned should define methods to ensure the smooth flow of all outstanding movies from production to circulation, and to work out a set of "traffic" rules and regulations. He hoped that all responsible persons concerned would strive to become good "traffic policemen" and promptly correct any mistakes made in directing "traffic." In every link of the work, they should give the green light to all ideological sound, movies that are useful to the people and socialism, and give the red light to all bad movies that are harmful to the people and socialism.

He said critically: Some people in the literature, art, and cultural circles have never had the interests of the masses and a sense of responsibility to the masses at heart, nor any regard for art and culture, only the worship of money and things Western.

At the meeting Deng Liqun also advocated "two whatevers." He said: Today we invited leaders in charge of central level newspapers to see "Fascinating Music Band" in the hope that all our newspapers would give earnest publicity to whatever good works depict rural reforms and, of course, to whatever good works depict urban reforms, and socialist construction as a whole.

To implement Deng Liqun's, the authorities put organizations engaged in the movie industry, which were formerly administered by the Ministry of Culture, under the jurisdiction of the Ministry of Radio and Television to strengthen the part of movies as a propaganda means) and conveyed the spirit of the central forum in the form of documents, to organizations engaged in the radio and television industry. Immediately, the press and media gave extensive publicity to "Fascinating Music Band" and another film "Our Retired Soldier".

#### The Central Authorities Say "It Is Fine" While Industry Experts Say "It Is Terrible"

Therefore, in Beijing some people say "Fascinating Music Band" has become popular merely through "exaggeration." This assertion is, of course, somewhat exaggerated but it is not completely without reason. "Fascinating Music Band" depicts farmers in a village who become well-off in the course of rural reforms. Not only do they seek a material life but they also concentrate greater efforts on seeking a rich spiritual life. For that purpose, they go to the town and buy a truckfull of Western musical instruments and form the "Fascinating Music Band." This displays the mental outlook of the new-type farmers of the 1980's.

The contents of the film is quite good but it leaves the audience the impression that what is depicted in it is not quite true to life. Reportedly, when the Beijing Film Studio selected its own best film for 1985 by public appraisal, "Fascinating Music Band," which got the nod of approval from the central authorities, was not among the successful nominees.

People even say that during the April session of the NPC and the CPPCC National Committee, the central authorities took the opportunity to introduce the film to session participants. When they organized the latter to see it, few spectators turned up.

Because the expression techniques used in the film are too traditional and no breakthroughs are effected in it, in the selection of winners for the two movie awards, and in a public opinion poll, the film was not the favorite. Recently, someone wrote an article in XIJU DIANYING BAO (COMEDY FILM NEWS), pointing out its shortcomings: "At present the most serious shortcoming in China's comedy films is that they lack a sense of humor. The traditional techniques of expression, such as coincidence, exaggeration, inverted narration, and revision have consistently dominated the comedy film world. Some prize-winning and relatively good films, such as "Postman's Love Story," "Yuliangwan Incident," and "Fascinating Music Band," cannot escape this framework. Nevertheless, his praise of "Black Cannon" is all the more high-class humor.

#### XINHUA NEWS AGENCY's "Article for a Restricted Number of People" Makes Things Worse

Although the central authorities hope that "Fascinating Music Band" will win a "Golden Rooster Award," how can it get the approval of the selection committee which consists of industry experts?

This year's "Golden Rooster Awards" presentation did not go smoothly from the outset, because 1985 was widely regarded as a bad harvest year. Some people regarded it as an average harvest year and others regarded it as an off year. In commenting on the movies produced in 1985, industry experts all agreed that there were no works capable of suiting refined and popular tastes, but they generally accepted that there were some excellent movies with a completely new explorative spirit. These were "Wild Mountains," "Black Cannon," "Xiangsi Inn," "The Outcast and the Swan," and "Our Retired Soldier."

Earlier this year, the editorial departments of the magazine DIANYING YISHU (MOVIE ART) held a forum in Beijing, inviting 60 movie theorists and critics. Forum participants widely believed that of the films produced in 1985, it was regretted that none of them were as good as the films produced in 1984, such as "Wreaths at the Foot of a High Mountain" and "Young Girl in Red." This made forum participants worry that some items might be lacking in this year's double award presentation activities.

This is really the truth. However, at last the selection committee members chose "Wild Mountains," regarding it as a relatively creative work. The film tells of the second marriages of two brothers. It portrays two brothers in a village in the northwestern region of the country exchanging wives and rebuilding their families as a result of the contradictions between reformist and conservative forces. The film won five awards.

The best leading actor award went to Liu Zifeng, hero of "Black Cannon." This film tells of an engineer of wretched appearance who does not know much about the ways of the world. One rainy night, he rushes to a post office to send a telegram. It reads: "Black Cannon (Chess) lost. 301 looking for Zhao." This arouses the suspicions of a "highly vigilant" female employee. A series of investigations against him are then conducted behind his back by the Public Security Bureau, and the unit where he works. The engineer loses a chessman and he then sends a telegram to room 301 of a hotel in another city to ask his friend, whose surname is Zhao, to look for it. This leads unexpectedly to a "spy-investigation" case.

Although the two films were shown late to the public, the response was surprisingly good. (When "Black Cannon" was first sent for examination and approval to the authorities concerned, it was flatly rejected. Two months later, after being revised, it passed the required political examination and was allowed to be shown on a trial basis. It was not until 1 May this year that it was formally shown in Beijing.) They have been praised everywhere, both at home and abroad. In the selection activities, "Wild Mountains" won five awards. From this, we can see the opinions of the Chinese industry experts. Abroad, Hong Kong writer Shih Shu-ching openly stated: "The film is exceedingly good." Not long ago, French movie expert (Pierre Lision) [4122 1022 5079 6849 2448 2491] also said in Beijing: "During my current visit to Beijing, I have seen about 10 films, of which "Wild Mountains" is the most interesting. This is the first Chinese film I have ever seen that does not attempt to state all clearly. In the Western world, audiences like this veiled method of directing."

The response to "Black Cannon" which deals with problems concerning the policy toward intellectuals and the guarantee of citizens' freedom of communication, was also extraordinarily enthusiastic. Some people say that the film's merit lies in making a big issue of a lost chessman. It is a rare film depicting the reforms. Highly appraising the film, writer Li Tuo said: "The film boldly safeguards the line adopted by the 3d Plenary Session of the 11th CPC Central Committee." "China's film art has become more mature....Liu Zifeng's performance technique should be explored and studied as an unique issue, because, for the first time in the last few years, an actor has managed to surpass any actress in performance terms. Moreover, the hero of 'Black Cannon' is successfully played by a plain and wretched looking man who is neither attractive nor manly. As I see it, this is a tremendous contribution by Huang Jianxin."

Since the two films have won such high praise, it is only natural that they should win "Golden Rooster Awards." However, there is still a difference of views between industry experts and audiences on the one hand, and the CPC Central Committee on the other, about depicting the reforms and safeguarding the 3d Plenary Session of the 11th CPC Central Committee, in view of the central authorities having only recently issued their instructions on "Fascinating Music Band." Some people say: The audience cannot tolerate the scene of "two brothers exchanging wives" as shown in "Wild Mountains" and even veiled "lovemaking" scenes. They think "Black Cannon" has damaged the party's image and that of the public security organs.

Formerly, the central authorities thought the selection committee would select "Fascinating Music Band" as a prize winner, but they later found their suggestion was not respected. This, plus a XINHUA reporter's article critical of the selection committee, circulated among a restricted number of people, emboldened the central secretariat to veto the selection results and demand a re-evaluation.

#### Selection Committee Members and the Secretariat Refuse to Budge

Selection committee members were greatly dissatisfied with the Secretariat's decision. Although Zhu Houze acted as a mediator, some committee members still refused to return to Beijing for a re-evaluation, using various pretexts. Even selection committee director Xie Jin was not in Beijing. Therefore, it is impossible to hold a re-evaluation session. Some committee members said resentfully: Some secretaries said the "Fascinating Music Band" should be selected and others favored the selected of "Our Retired Soldier."

As for the charges laid against "Wild Mountains," some people said there were three, and others argued there were two. It is hard to decide which of the arguments is right. Since Hu Qili, Wan Li, Hu Qiaomu, and Deng Liqun have their own ideas, and members of the Secretariat failed to reach a consensus on the matter, how could the selection committee members carry out the re-evaluation as demanded?

Some committee members said: Several public opinion polls and votes cast by the readers of DAZHONG DIANYING's (POPULAR MOVIE) "Hundred Flowers Award" column, reveal that what the committee selected was not "highbrow songs which find few singers" but instead was close to their own assessment, and that the audience at large does not all necessarily love the "Fascinating Music Band" that "is loved by the masses."

A person in movie circles said: The current selection work is certainly not an easy job. In former years, industry experts did their own thing while the intentions of the central authorities could be put in the category of "the Culture Ministry Award." But not the ministry no longer administers the movie industry and the ministry award has also ceased to be presented, unless we set up another one.

The Secretariat of the Chinese Film Artists' Association held a special meeting in early May to study whether the sixth presentation of "Golden Rooster Awards" should be continued, and the way it should be carried out. The meeting did not turn out any positive results. Some participants suggested that a re-evaluation be conducted at a later date, and others maintained that since the year's selection of winners for "Golden Rooster Awards" was really "very difficult" and committee members feared inviting new "trouble," the award presentation should be suspended for a year. There were still others who said in private, that it would be better to drag the matter on until Zhu Houze and the Secretariat made coordinated efforts to settle it.

#### PENG ZHEN'S DAUGHTER REPORTEDLY 'CLEARED' OF CHARGES

HK08032 Hong Kong SUNDAY STANDARD in English 8 Jun 86 p 1

[Text] The daughter of a top Chinese leader, Peng Zhen, has cleared herself of corruption charges levelled against her, according to one of her close Hong Kong trading partners.

The partner, who preferred not to be named, told the SUNDAY STANDARD that Fu Yan, daughter of Mr Peng, chairman of the Standing Committee of the Sixth National People's Congress (NPC), passed through Hong Kong last Tuesday.

Miss Fu is now on a two week visit to Canada where she is expected to attend local public functions before returning via Hong Kong. Approval of her visit abroad is understood to have followed the Beijing authorities clearing her of any involvement in corruption and as recompense for the rumours about her.

In early February, a foreign wire service carried a report that Miss Fu had sold 300,000 tonnes of coal below official price to a foreign company in the middle of 1985. In return, she had allegedly accepted a bribe of US\$300,000. The article said the company was then closed, but Miss Fu's fate was unknown because her father is one of China's most senior leaders.

Speaking to her partner about the rumors of her involvement in corruption, Miss Fu said she had not touched a piece of coal. She added that the foreign reporter had mixed her up with another person. But she did not elaborate further.

Hong Kong reporters directed questions about Miss Fu's alleged corruption to Zeng Tao, a deputy secretary-general of the NPC, at a Beijing press conference in March, but he avoided answering.

DAYA BAY NUCLEAR PLANT SAFETY 'MATTER FOR CHINA'

HK080332 Hong Kong SUNDAY STANDARD in English 8 Jun 86 p 3

[Text] Chairman of China Light And Power Company yesterday said the safety problems of the Daya Bay nuclear power project should be a matter for China, the owner of the plant. His company will just purchase power from China, said Lord Kadoorie.

But the company, through a subsidiary, has 25 percent stake in the project and has agreed to purchase 70 percent of the power generated from the plant.

He said the directors of the company are responsible persons who have always looked after the interests of the Hong Kong people.

Speaking after the opening of the Kadoorie Agricultural Research Centre, he stressed that the plant would be as safe as humans could make it. But he refused to comment on recent public objections to the nuclear project. The public, including many pressure groups, have called for a halt to the project until there is an absolute guarantee of its safety.

Umelco's Public Utilities Panel has promised to disclose as much information as possible relating to safety measures at the plant, but has not asked that the project be halted.

Legco member Miss Maria Tam said recently there would be an open discussion with experts to answer questions to the project. Information would be passed on to the public through a press meeting after each panel discussion, or the Chinese authorities could contact the press.

A regional council member, Mr Tsang Kwong-yuen, has joined the opposing force and has asked that the project be shelved.

In a letter he sent the STANDARD yesterday, Mr Tsang said human technology, no matter how advanced, cannot be absolutely faultless. He writes that the Chinese authorities should weigh the danger posed to the Hong Kong and Chinese people and seriously reconsider the project.

**END OF**

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